SECURITIES COMMISSION
OF THE BAHAMAS

OUR APPROACH TO
SUPERVISION

A PUBLIC STATEMENT OF THE SECURITIES COMMISSION OF THE BAHAMAS' SUPERVISION APPROACH

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1. Introduction

The Securities Commission of The Bahamas is the regulator of the securities and capital markets of The Bahamas. This statement explains how the Commission supervises the firms and individuals it regulates: the approach we take, what regulated persons can expect from us, and what we expect of them. It is a summary for the industry and the public; it does not create rights or obligations, which arise from the legislation the Commission administers.

The Commission administers the Securities Industry Act, 2024, the Investment Funds Act, 2019, the Financial and Corporate Service Providers Act, 2020 and the Digital Assets and Registered Exchanges Act, 2024, together with the obligations of supervised persons under The Bahamas' framework for anti-money laundering, countering the financing of terrorism and countering proliferation financing. Under these Acts the Commission supervises securities brokers and dealers, investment funds and their administrators, financial and corporate service providers, digital asset businesses, the Bahamas International Securities Exchange, and registered individuals including chief executive officers, money laundering reporting officers and trading representatives.

2. Our Supervisory Approach

The Commission supervises on a risk-based model. Our purpose is to direct supervisory attention where the potential for harm to investors, to market integrity and to the jurisdiction's financial crime defences is greatest, rather than to apply identical scrutiny to every firm. Every supervised person receives baseline monitoring; the intensity of engagement above that baseline reflects the risk a firm presents, assessed on the basis of the information firms file with us, the findings of examinations, and the broader intelligence available to the Commission.

Our supervisory work takes three forms. Planned supervision follows the regular cycle of filings review and periodic reassessment. Reactive supervision responds to events: notifications, complaints, market developments and adverse information. Thematic supervision examines an issue, product or practice across many firms at once, where an emerging risk warrants a cross-market view. A firm may encounter any or all of these in a given year, and the intensity it experiences will change as its risk profile changes.

Our approach is proportionate. The depth of our reviews, the information we request and the formality of our engagement are matched to the nature, scale and complexity of the firm and the significance of the issue. Well-managed firms presenting low risk should expect their interactions with the Commission to be correspondingly light.

3. One Department for the Whole Supervisory Lifecycle

The Commission deliberately combines licensing and authorisations with ongoing monitoring and surveillance in a single Supervision Department. The reason is oversight quality. The department that tests a firm at the point of entry (its owners and controllers, the fitness and propriety of its people, its business plan and its capacity to operate) is the same department that supervises the firm thereafter, so everything learned at entry follows the firm through its life rather than being handed across an internal boundary. The business plan accepted at authorisation becomes the baseline against which the real business is monitored, and divergence from that baseline is supervisory information in its own right. Knowledge flows in the other direction too: what ongoing supervision learns about a firm informs every subsequent approval concerning it (changes of ownership or control, new activities, new appointments) so those decisions are made by a department that already knows the firm, not one meeting it for the first time.

A model that holds the whole supervisory relationship must also protect the independence of each decision within it, and that protection is structural rather than a matter of good intentions. The recommendation and the approval of every significant decision are separated within the Department's internal authorities; an adverse decision carries a second review by an officer not involved in the original decision; risk ratings are produced independently of the Department; onsite examinations are conducted by a separate examinations function and enforcement by a separate enforcement function; and thematic reviews, quality sampling and internal audit bring fresh eyes to settled views. Our published service standards commit us to timeliness of process, never to outcomes, and the statutory tests at entry do not flex with the volume of applications. The continuity of the integrated model lies in knowledge of the firm, the judgment that admits a firm and the judgment that acts in respect of one are never the same unchecked judgment. For firms, the practical effect is continuity: one supervisory relationship from application onward, with no loss of context between authorisation and ongoing supervision, an approach consistent with the practice of leading supervisory authorities globally.

4. Entering the Market

Persons wishing to conduct licensable or registrable activity apply to the Commission through its electronic portal. We assess whether the applicant satisfies the market entry conditions of the relevant Act, including the fitness and propriety of its owners, directors and senior officers, the credibility and viability of its business plan, and the adequacy of its financial resources and operational arrangements. Incomplete applications are notified of the outstanding requirements. Once all required documentation is received, standard applications are generally determined within 21 business days, and applications for more complex undertakings (such as marketplaces, digital asset exchanges and initial public offerings) within 35 business days, in accordance with the Commission's published Service Standards. The Commission's decision may be an approval, an approval subject to conditions, or a refusal.

The threshold matters. Supervision cannot substitute for entry standards, and firms that should not enter the market are most efficiently addressed at the gate. Applicants should expect a rigorous assessment, and should engage with the Commission early and candidly.

5. Ongoing Supervision

Once authorised, a firm assumes the ongoing obligations of its licence class, including periodic filings such as annual information updates, financial statements and statistical returns, the maintenance of required capital and insurance, and the immediate notification of material changes. These filings are the foundation of offsite supervision: we review them for completeness, timeliness and substance, and we analyse them to form a view of each firm's financial condition, operating condition and compliance posture. Our supervision also extends to how firms treat their clients (the fairness of communications and financial promotions, the management of conflicts of interest, and the protection of client money and client assets on an ongoing basis) and, for investment funds, to fund-specific matters including valuation arrangements and the discharge by administrators and custodians of their functions.

Supervision of anti-money laundering, counter-terrorist financing and counter-proliferation financing obligations is calibrated to the money laundering and terrorist financing risk each firm and sector presents, informed by the National Risk Assessment and the Commission's own sectoral assessments. For digital asset businesses this includes monitoring compliance with the travel rule (the requirement that originator and beneficiary information accompany virtual asset transfers) through a dedicated monitoring programme, alongside review of custody safeguarding and counterparty due diligence. The Commission also verifies compliance by Reporting Financial Institutions with their due diligence and reporting obligations under the Common Reporting Standard.

Beyond filings, supervision is a relationship. Firms should expect correspondence on their obligations, requests for information where questions arise, and, for firms presenting higher risk, periodic meetings with senior management. We expect firms to deal with the Commission openly and cooperatively, to notify us of problems rather than wait for us to find them, and to ensure that identifiable senior individuals are accountable for the matters we raise. Onsite examinations are conducted by the Commission's Examinations Department on a cycle aligned to risk, and their findings feed back into ongoing supervision.

6. When Standards Are Not Met

Our response to non-compliance is graduated. We begin with the least intrusive instrument adequate to secure correction and escalate where the response is inadequate, the conduct is repeated, or the matter is serious on its face. Serious matters may enter the sequence at any point.

Response	When It Is Used
Supervisory dialogue	Where issues are isolated and management is responsive, we raise concerns directly and expect prompt correction.

Formal correspondence	Where correction requires structure, we issue a deficiency notice or supervisory letter requiring a remediation plan with committed timelines, and we track progress to closure.
Administrative penalties	Where legislation prescribes fixed penalties for a contravention, we apply them. A penalty attaches to the occurrence of the contravention; subsequent remediation does not extinguish it.
Onsite examination	Where offsite indicators warrant direct verification, the matter is referred for a targeted onsite examination.
Enforcement	Where conduct indicates serious, repeated or deliberate contravention, the matter is referred to the Commission's Enforcement Department, whose powers include discretionary penalties, restrictions, suspension and revocation.

7. Cooperation

The Commission supervises in coordination with the other financial sector regulators of The Bahamas through the Group of Financial Services Regulators, alongside the Central Bank of The Bahamas, the Insurance Commission of The Bahamas, the Compliance Commission and the Gaming Board, with the Financial Intelligence Unit as permanent observer. Domestically, the Commission cooperates and shares information with the Financial Intelligence Unit and with the Royal Bahamas Police Force in the detection, investigation and prevention of financial crime, through the information sharing and cooperation provisions of the legislation it administers. Internationally, the Commission is a signatory to the IOSCO Multilateral Memorandum of Understanding and a signatory, in category A.1, to the IOSCO Enhanced Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information (EMMoU). In respect of the Caribbean Financial Action Task Force, membership belongs to The Bahamas as a jurisdiction: the Commission is not itself a member of the CFATF and participates in its processes through the jurisdiction’s membership, alongside the other national authorities. The Commission shares information with counterpart authorities through the information sharing and cooperation provisions of the legislation it administers, and firms operating across borders should expect the Commission to coordinate with their other regulators.

8. What You Can Expect From Us

- Professionalism and fairness in every interaction, and decisions taken on evidence and legislative grounds.
- Proportionality: supervisory demands commensurate with the risk your business presents.
- Predictability: a graduated response to non-compliance, applied consistently.

- Responsiveness: published Service Standards with committed timelines for our regulatory processes, against which the Commission measures and reports its performance. If we exceed a committed timeline, we will keep you updated; unresolved service concerns may be raised with the Senior Manager, Supervision Department, and thereafter with the Office of the Executive Director.
- Confidentiality: information provided to the Commission is protected and shared only through lawful channels.

9. Contact

Enquiries regarding this statement or the Commission's supervisory approach may be directed to the Supervision Department of the Securities Commission of The Bahamas. Contact details, legislation, forms and guidance are available on the Commission's website at scb.gov.bs.