SECURITIES COMMISSION OF THE BAHAMAS

RISK ASSESSMENT

FINANCIAL AND CORPORATE SERVICE PROVIDERS

CORPORATE SERVICES SEGMENT

ASSESSMENT PERIOD: 1 JANUARY 2025 TO 31 DECEMBER 2025

Securities Commission of The Bahamas
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Financial and Corporate Service Providers: Corporate Services Segment

Money Laundering, Terrorist Financing and Proliferation Financing

Sectoral Risk Assessment – Summary Report (Public Edition)

Assessment period: 1 January 2025 to 31 December 2025

OVERALL SECTOR RISK RATING

MEDIUM-HIGH

Sector vulnerability 0.64 on the 0.0 to 1.0 scale (inherent vulnerability 0.77); company service provision 0.72, trust service provision 0.67

1. Rationale for the Medium-High rating

The corporate services segment is rated Medium-High because its core products, the formation and administration of companies, trusts, and similar structures for predominantly international clients, are the vehicles most frequently identified in international money-laundering typologies. The segment administers approximately 27,700 entities, with 634 formations in the period, offers nominee arrangements as a standard service, and reports several thousand administered entities with no apparent economic activity, the profile in which concealment of ownership is easiest.

The rating is Medium-High rather than High because cash is essentially absent, providers are licensed and supervised, client activity settles through regulated financial institutions, and reported beneficial-ownership record-keeping is strong, and subject to the Commission's on-site verification. Company service provision carries the higher rating within the segment on volume and anonymity features; trust service provision is smaller but carries greater structural opacity.

2. The sector at a glance

- **Population:** 293 financial and corporate service providers licensed as at 31 December 2025, of which 251 in the corporate services segment covered by this report, the Commission's largest population.
- **Scale:** Approximately 27,700 entities under administration; 634 formations in the period.
- **Profile:** International clientele; nominee and registered-office services standard; introducer channels account for roughly one fifth of business.

3. Sector risk data

The indicators below are aggregates from the mandatory Risk Data Return across the full population, published so that licensees, registrants, and the public can see the evidence base behind the rating. No figure identifies any individual firm. Jurisdiction banding uses the Financial Action Task Force lists as at 19 June 2026 (call for action: Iran, North Korea, Myanmar; increased monitoring: 22 jurisdictions).

Industry profile

Financial and corporate service providers licensed (as at 31 December 2025)	293
of which corporate services segment (covered by this report)	251
Total direct client relationships	29,232
Clients resident in The Bahamas	6,864
Clients resident abroad	22,368

Money laundering risk indicators

- Risk Exposure: the segment's money laundering channel is concealment of ownership: forming and administering companies, trusts and similar structures whose paperwork can hide who really owns assets. Approximately 27,700 entities under administration, of which roughly 7,800 show no apparent economic activity; nominee arrangements are a standard product line; politically exposed person density is the highest among the Commission's populations at 3.0% of direct clients (876 relationships), consistent with international private-structure clientele; beneficial-ownership record completeness is self-reported at 97% and is tested at examination. Controls: sanctions screening at 89% of providers; training averages 88%; 84 suspicious transaction reports, as reported by providers through the Risk Data Return for their last three reporting periods, with 114 providers filing none in all three (nine without explanation, under follow-up). Conclusion: the segment's products are the paradigm case in international money laundering typologies, and control evidence remains substantially self-reported pending examination corroboration - the combination that holds the segment at Medium-High, led by company service provision, with beneficial-ownership verification the standing examination priority.

Terrorist financing risk indicators

- Risk Exposure: the segment's terrorist financing channel is the misuse of legal persons as conduits or front structures, rather than client geography. 77% of direct clients are foreign; jurisdiction disclosures attribute 4,915 foreign relationships, of which none is resident in a jurisdiction subject to a call for action and 234 in jurisdictions under increased monitoring. Controls: the annual count of entities with no apparent economic activity and beneficial-ownership records tested at examination guard against the misuse of structures, while sanctions screening and the circulation of designation lists guard against designated persons. Conclusion: measured geographic exposure is low, and the safeguards that matter most for this segment are knowing who owns each structure and whether it has real activity.

Proliferation financing risk indicators

- Risk Exposure: the segment's proliferation financing relevance runs through legal persons: front and shell companies are the recognised vehicle for sanctions evasion internationally, and this segment forms and administers them. No clients resident in Iran or North Korea; the roughly 7,800 administered entities with no apparent economic activity are the measured surface on which that channel would operate, which is why the substance population is counted annually and beneficial ownership is tested at examination. Controls: screening at 89% of providers; 57% of provider risk assessments expressly cover proliferation financing, the lowest coverage among the Commission's populations and the segment's clearest gap. Conclusion: measured client exposure is low, but because the segment's products are the classic proliferation front-company channel, the Commission has made express proliferation financing coverage in risk assessments and beneficial-ownership verification the segment's proliferation financing supervisory priorities.

Entity risk ratings

- Every provider is rated in the Commission's Entity Risk Register from its Risk Data Return, and the rating drives its supervisory intensity, from baseline monitoring to intensive engagement. Of the providers rated under this segment (each firm is rated once, under its dominant licence), 54% are rated Low, 43% Medium-Low and 3% Medium-High, with none rated High.

4. How the Commission assessed the sector

The Commission assessed the segment with the World Bank National Risk Assessment methodology for designated non-financial businesses and professions (Module 7), applying the trust and company service provider add-on (Module 7C) to distinguish company service provision from trust service provision.

Ratings are expressed on the World Bank scale from 0.0 to 1.0, read in five bands: Low (below 0.2), Medium-Low (0.2 to below 0.4), Medium (0.4 to below 0.6), Medium-High (0.6 to below 0.8), and High (0.8 and above). The assessment draws on the Commission's Risk Data Return, a mandatory annual return completed by every licensee and registrant covering clients, products, geography, controls, and financial position, cross-checked against the Commission's registers and supervisory information.

5. What is driving the risk

- **Concealment-capable products.** Legal persons and arrangements, nominees, and layered structures can obscure who really owns and controls assets.
- **Entities without substance.** Several thousand administered entities show no apparent economic activity; shells are lawful but are the classic concealment vehicle.
- **Politically exposed persons.** The segment reports the highest politically-exposed-person density among the Commission's populations, at 3.0% of direct clients, consistent with international private-structure clientele.
- **International, introduced business.** Clients are mostly non-resident and a material share arrives through introducers, extending the distance between provider and client.

6. What is mitigating the risk

- **Licensed and supervised gatekeepers.** Every provider is licensed, supervised, and subject to the full anti-money-laundering framework.
- **Cash-free settlement** through regulated financial institutions.
- **Beneficial-ownership records.** Providers report near-complete beneficial-ownership files; the Commission tests these holdings at examination.
- **Offsite supervision.** Every licensee files the annual Risk Data Return, which the Commission reviews across the full population, and the Supervision Department conducts desk-based reviews; the resulting risk ratings set each firm's supervisory intensity.

7. The Commission's response

- **Beneficial-ownership verification** as a standing examination theme, testing records against the reported figures.
- **Substance monitoring.** The population of no-substance entities is measured annually through the Risk Data Return and informs supervisory selection.
- **Risk-based supervision** with entity ratings driving intensity across the provider population.

8. What the Commission expects of the sector

- Hold complete, current beneficial-ownership information for every administered entity and produce it on request without delay.
- Understand and document the purpose of structures showing no economic activity, and exit relationships whose purpose cannot be established.
- Apply full due diligence to introduced business; reliance on introducers does not transfer responsibility.

This public edition summarises the Commission's sectoral assessment. The underlying analysis, entity-level information, and supervisory follow-up are confidential. Questions may be directed to the Commission at info@scb.gov.bs.