



The Compliance Commission of The Bahamas

GUIDANCE NOTICE

Re: Requirement to conduct a risk assessment

Dear Registrant,

With the enactment of the new Financial Transaction Reporting Act 2018 (FTRA 2018) financial institutions including designated non-financial businesses and professions (DNFBPs) are required to assess the risk of money laundering and terrorist financing (ML/TF) and other identified risks in making a risk assessment of the business and developing a risk management system. Pursuant to section 5 of the Act “Every financial institution shall take appropriate measures to identify, assess and understand its identified risks in relations to, its facility holders and the countries and jurisdictions of their origin; the countries or jurisdictions of its operations; and its products, services, transactions and delivery channels” and take appropriate measures to manage and mitigate the inherent risks identified. Further, “Every financial institution shall document in writing the outcome of a risk assessment and shall keep the same up to date and make it available to relevant competent and regulatory bodies upon request”.

To this end, the Compliance Commission has recently issued guidance in its Codes of Practice for Lawyers, Real Estate Brokers & Land Developers and Accountants under the section on **Risk Based Framework** to assist financial institutions supervised by the Commission in understanding the conducting of a risk assessment. The Codes of Practice are available for download on the Compliance Commission’s website, <http://www.bahamas.gov.bs/compliance>

The risk assessment must be completed before the commencement of an on-site examination and be available to the Commission upon request.

Failure to conduct the risk assessment will subject the institution to the applicable administrative penalties.

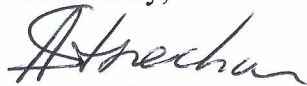
Issued: January 4th 2019

If you require further information, please feel free to contact us at your earliest convenience.

Any questions regarding this guidance notice should be directed to the Compliance Commission's email, compliance@bahamas.gov.bs

Your cooperation in this regard is appreciated.

Yours truly,



Andrew Strachan

Inspector