

# **TOPIC: “CC UPDATE FOR BUSINESSES AND USE OF THE COMMISSION’S PORTAL”**

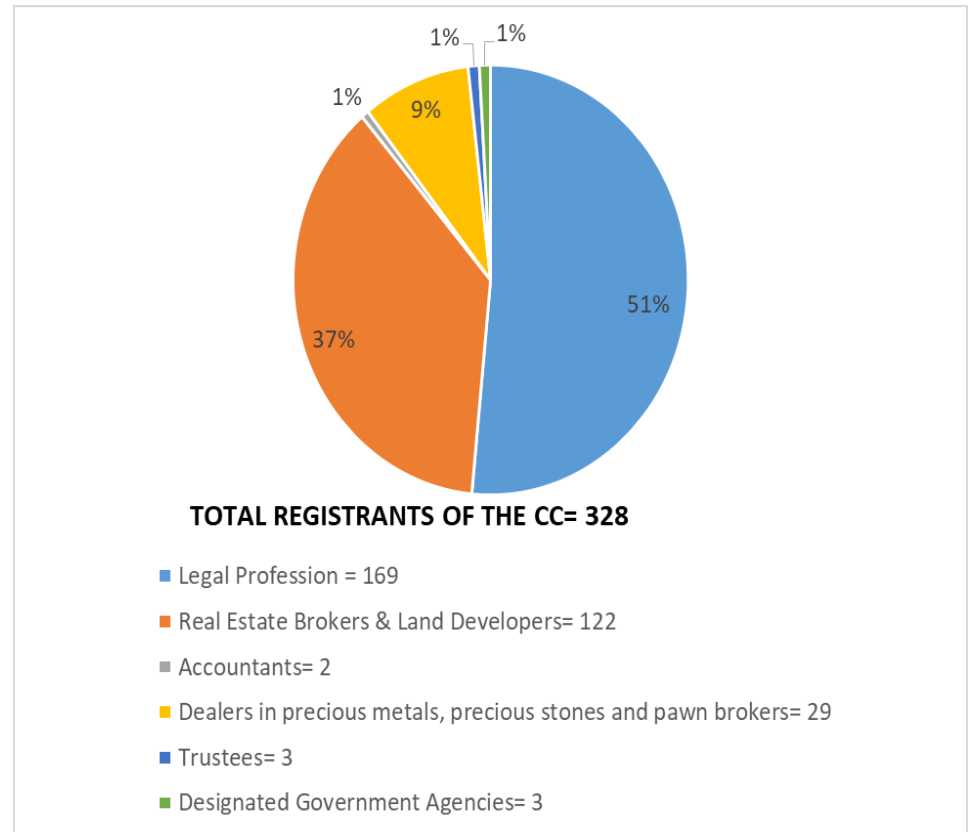
**DATE: THURSDAY OCTOBER 21, 2021**



**The Bahamas Institute of Chartered  
Accountants BICA  
CC PRESENTATION – Inspector Andrew Strachan**

## ❖ DNFBPs KNOWN AS GATEKEEPERS

- ❖ The role of supervision in the AML/CFT/CPF framework is to supervise and monitor financial institutions to ensure their effective assessment and management of ML/TF/PF risk and compliance with preventive measures.
- ❖ High-Level Objective: Financial systems and the broader economy are protected from the threats of money laundering and the financing of terrorism and proliferation, thereby strengthening financial sector integrity and contributing to safety and security.





# ENHANCING AML/CFT/CPF SUPERVISION & IMPLEMENTING ACTIONS TO MEET INTERNATIONAL STANDARDS. THE BAHAMAS HAS COME A LONG WAY!

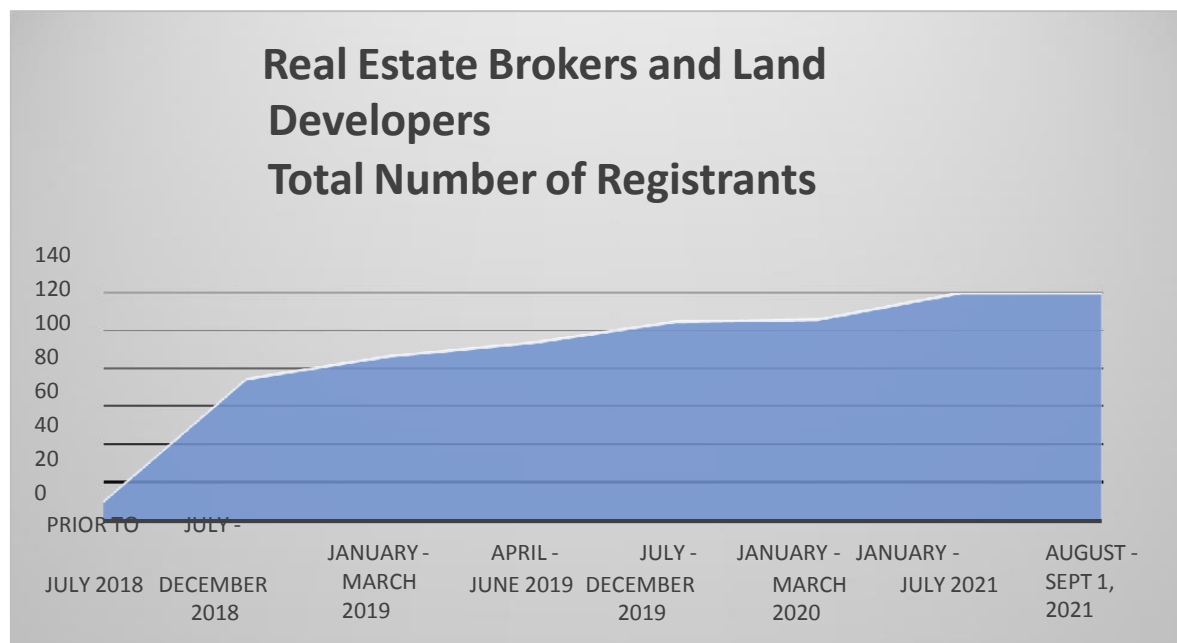
- ❖ In December 2015, The Caribbean Financial Action Task Force (“CFATF”) conducted a mutual evaluation of The Bahamas’ compliance with the Financial Action Task Force (FATF) 40 Recommendations. The MER of The Bahamas was published in July 2017. By October 2018, significant measures were taken by The Bahamas to strengthen its AML/CFT/CPF regime and remedy the deficiencies identified in the MER. These measures include the enactment or amendment of a compilation of financial sector legislation in 2018 and 2019 such as the Financial Transaction Reporting Act 2018 (“FTRA 2018”), Anti-Terrorism Act, 2018, Travelers Currency Declaration Act, 2005, International Obligations (Economic and Ancillary Measures) Act, 1993, Proceeds of Crime Act, 2018 (“POCA 2018”), Register of Beneficial Ownership Act, 2018, and all relevant amendments and regulations (see Appendix A). Furthermore, there has been strengthening of the regulatory regime by the issuance of revised AML/CFT/CPF guidelines to supervised financial institutions (“SFIs”) and DNFBPs through the development and implementation of an AML/CFT/CPF penalty regime and risk based supervisory frameworks.



# ENHANCING AML/CFT/CPF SUPERVISION & IMPLEMENTING ACTIONS TO MEET INTERNATIONAL STANDARDS. THE BAHAMAS HAS COME A LONG WAY!

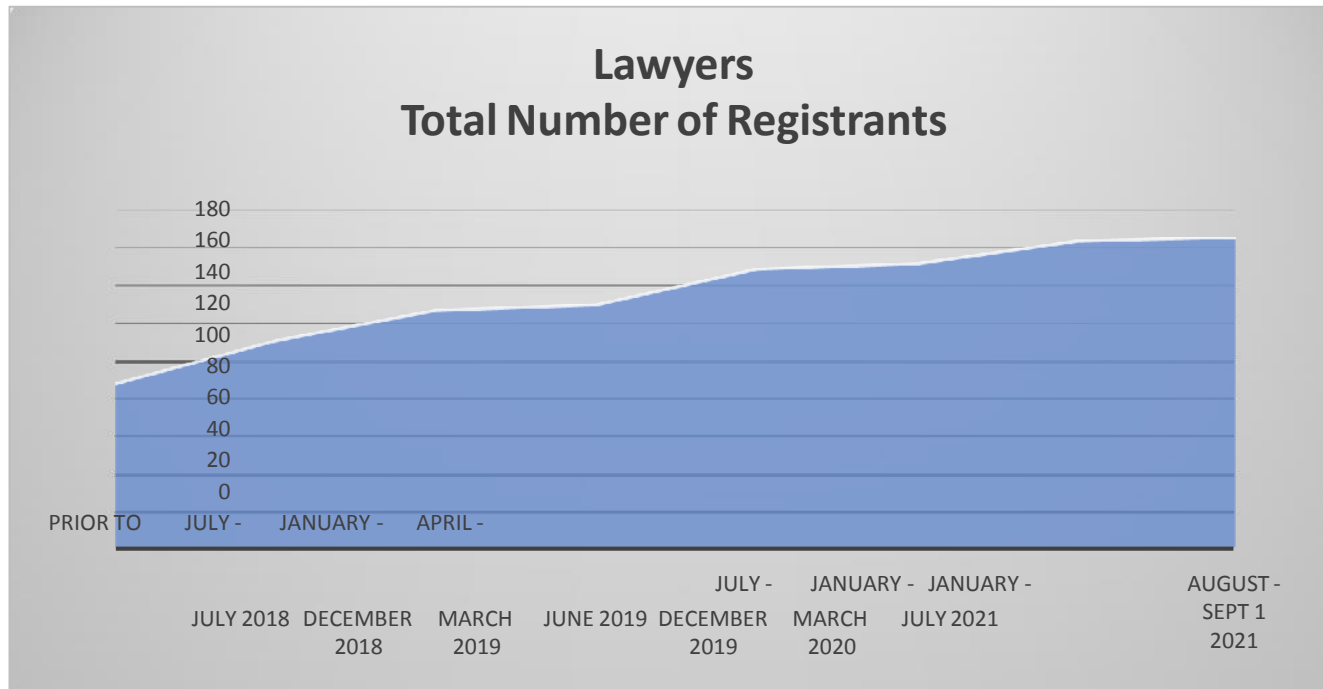
- ❖ As a result of these measures, on 18 December 2020, The Bahamas was removed from the FATF's Grey List of "Jurisdictions under Increased Monitoring".
- ❖ The impact of these measures is shown in the significant increase in the number of real estate brokers and land developers registered with the CC increasing from 11 in 2018 to 120 as of September 2021. As for law firms, the number of registrants with the CC increased from 88 in July 2018 to 167 as of September 2021 (See Figure 11). This is due to the measures taken by The Bahamas to strengthen its AML/CFT/CPF regime and the significant enforcement and detection program conducted by the CC. These measures include the expansion of services conducted for DNFBPs to register and be supervised for AML/CFT/CPF purposes under the FTRA 2018.

# ENHANCING AML/CFT/CPF SUPERVISION & IMPLEMENTING ACTIONS TO MEET INTERNATIONAL STANDARDS. THE BAHAMAS HAS COME A LONG WAY!

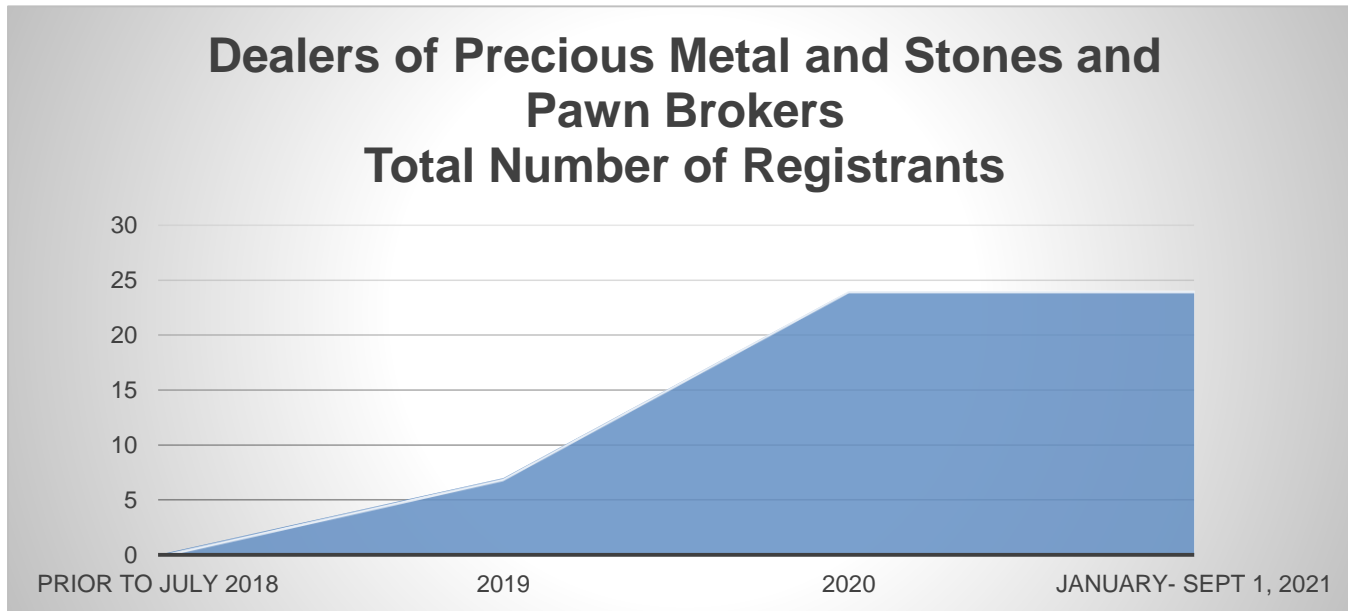


The FTRA 2018 expanded the services conducted for real estate brokers and land developers to register and this also contributed to the increase in registration.

# ENHANCING AML/CFT/CPF SUPERVISION & IMPLEMENTING ACTIONS TO MEET INTERNATIONAL STANDARDS. THE BAHAMAS HAS COME A LONG WAY!



# ENHANCING AML/CFT/CPF SUPERVISION & IMPLEMENTING ACTIONS TO MEET INTERNATIONAL STANDARDS. THE BAHAMAS HAS COME A LONG WAY!



(DPMS brought under supervision in 2018 – DPMS CODES CC WEBSITE)



# CC ENFORCEMENT AND PENALTY REGIME

- ❖ The CC established an ongoing enforcement unit in 2019 which is charged with implementing the policy on administrative penalties and raise awareness of the administrative penalty regime through training and public notices. The enforcement unit also serves to detect unregistered companies and non-compliance with the provisions of the FTRA and POCA 2018. The CC's policy, for example, sets out the process that the CC will follow when a DNFBP or individual of a DNFBP fails to comply with the FTRA 2018 or POCA 2018.
- ❖ In one instance, the CC fined a law firm on 24<sup>th</sup> January 2020 in the amount of \$5,000.00 for failure to supply information (i.e., the risk assessment questionnaire) requested by the CC. The next chart shows the penalties imposed on law firms by the CC for failure to supply information.



# CC ENFORCEMENT AND PENALTY REGIME

<b>The Compliance Commission of The Bahamas</b>		
<b>Penalties Imposed on Law Firms 2019-2020</b>		
<b>Date</b>	<b>Type of Penalty</b>	<b>Amount</b>
November 8th 2019	Failure to supply information requested (I.e., Risk Assessment Questionnaire)	\$1,000
July 23rd 2020	Failure to supply information requested (I.e., Risk Assessment Questionnaire)	\$250
January 24th 2020	Failure to supply information requested (I.e., Risk Assessment Questionnaire)	\$5,000

# CC ENFORCEMENT AND PENALTY REGIME

The chart below shows that for the period of 2018-2021, the CC detected and sent letters to 84 law firms and 43 real estate brokers and land developers for failing to produce information, i.e., risk questionnaire.

The Compliance Commission of The Bahamas- ENFORCEMENT REPORT				
Letters sent to Registrants for Failure to Produce Information (i.e. Risk Questionnaire) 2018- 2021				
	Law Firms	Real Estate	Compliant	Non-Compliant
2018	--	--	--	--
2019	69	39	108	--
2020	5	4	9	--
2021	10	0	10	--
(to date)				
<b>TOTAL</b>	<b>84</b>	<b>43</b>	<b>123</b>	<b>--</b>

# CC ENFORCEMENT AND PENALTY REGIME

## The Compliance Commission of The Bahamas- ENFORCEMENT REPORT

### Letters sent to Registrants for Failure to Register 2018- 2021


	Law Firms	Real Estate	Compliant	Non-Compliant
2018	14	--	14	
2019	27	4	31	--
2020	7	3	10	--
2021	15	0	15	--
(to date)				
<b>TOTAL</b>	<b>63</b>	<b>7</b>	<b>70</b>	<b>--</b>

This chart shows the warning letters sent to DNFBPs for years 2018-2021 for failing to register despite providing services that required registration with the CC. All firms that received warning letters are registered and compliant.



# CC ENFORCEMENT AND PENALTY REGIME

- ❖ We have detected a significant change whereby DNFBPs are registering because they are aware of the obligations rather than enforcement actions.
- ❖ On April 16<sup>th</sup>, 2021, the CC issued a public notice for persons acting in the Capacity of Trustees. This notice was posted on the CC website, in a major local newspaper and sent to the relevant industry associations. Due to these actions the CC obtained an additional registrant and several inquiries regarding the notice.



# CC Policy & Procedure Unit, Training & Guidance Notes


The CC created a policy unit in 2020 focused continuously on the measures for an effective supervision system and implementing updates to the FATF standards. This unit issued a sanctions guidance on November 30th, 2020, to registrants.

This guidance aims to:

- ❖ Raise DNFBPs awareness of their sanction's obligations,
- ❖ Provide guidance on the role and functions of sanctions in Bahamian law, and
- ❖ Enhance DNFBPs awareness on how to monitor, review and respond to the CC and relevant competent Authorities including the FIU and the AG office, once they have been alerted of sanctions issued to a designated person or entity.

This guidance is posted on the CC website and included in training for registrants.

[Compliance Commission \(finance.gov.bs\)](https://finance.gov.bs)



# CC Policy & Procedure Unit, Training & Guidance Notes

FATF Standards are changing:

- ❖ In October 2020, the FATF revised Recommendation 1 to require countries, FIs & DNFBPs to identify, access, and mitigate their proliferation financing risks. In this context proliferation financing risks refers strictly and only to potential breach, non-implementation or evasion of targeted financial sanctions (TFS) Obligations. Recommendation 24 on transparency and Beneficial Ownership of legal persons is under review for revisions.
- ❖ The CC also issued a guidance note on Politically Exposed Persons (PEPs) and a list of Frequently Asked Questions and Answers, posted on the CC website. This educational information was also included in the CC training events in 2021 to increase awareness and understanding of key obligations and PEPs.
- ❖ The CC website provides a larger number of relevant AML/CFT/CPF training material, presentations, videos and publications: [Compliance Commission \(finance.gov.bs\)](https://www.finance.gov.bs)



# CC Training for Registrants

- ❖ The CC training program includes quarterly training by webinar for registrants and focused training for small firms/sole proprietorships on key AML/CFT/CPF obligations. The DNFBP sector in The Bahamas consists of a large group of small companies and sole proprietors. We have identified this group as a focused area for training as many of these companies are challenged with implementing and obtaining resources to implement a compliance program. The CC will initiate monthly training for approximately 8-15 registrants at a time in this group beginning in November 2021.




# CC Research Projects

## Understanding the Risk in the Sectors Supervised


- ❖ Collaborative research with the Central Bank of the Bahamas on the topic “AML/CFT/CPF controls in the real estate sector will be completed in the fourth quarter of 2021 and the findings discussed and distributed to industry stakeholders. The CC plans to initiate further research on the sectors supervised within the next six months to gain a greater understanding of the ML/TF/PF risks and controls in the sectors supervised. An update to the NRA is underway and expected to be completed in 2022.
- ❖ The last NRA was conducted in 2015- 2016. The accounting profession sector was assessed as having a low/ negligible level of ML/TF risk due to the sharp withdrawal by Bahamian accounting firms from financial services following the October 2021 ENRON scandal. In The Bahamas, accountants limit their business offerings primarily to internal auditing assignments, operational reviews, auditing clients’ financial and accounting records, managing liquidations, and carrying out forensic accounting assignments. It was concluded that there is little opportunity for the sector to be involved in the movement of cash or transfers to facilitate ML/TF activities due to its aversion to holding clients’ funds or the offering of advisory services. (Refer to the CC awareness brochure for accountants on the website).





# CC Examination Program 2021/2022 & Implementation of Innovative Technologies to Enhance the Registration and Risked- Based Examinations Procedures

- ❖ The examination schedule begins for 2021 in October/November 2021 prioritized and informed by the risk profiling of registrants. Examinations will continue to be conducted in person (providing Covid-19 conditions permit), however, we plan to introduce the capability to access related information via the CC electronic online system.
- ❖ In August 2021 the CC implemented an electronic online registration portal for registrants accessible on the CC website. This allows registrants to register and update information, for example, changes in Beneficial owners, Directors, Partners, and senior management or as required. Whenever a change is made the system notifies the CC to immediately begin conducting background checks on the new persons. The CC conducts background checks on Beneficial Owners, Directors, Partners, and senior management using KYC screening technology, annually and immediately for new registrants. The CC also maintains a relationship with law enforcement to conduct background checks and notify the CC of any criminals or suspected criminals. These measures ensure compliance with FATF Rec. 28.4 (b).



# CC Examination Program 2021/2022 & Implementation of Innovative Technologies to Enhance the Registration and Risked- Based Examinations Procedures

- ❖ The online portal provides the CC with data analytics and a more efficient access to the registration information. An annual update of registration information is required for registrants and to confirm that the firms remain operational, refer to the CC website [Compliance Commission \(finance.gov.bs\)](https://www.commission.gov.bs) and click on the registration button.
- ❖ In early September 2021 the CC digitalized most of the CC risk based-examination procedures and evaluation. The examination documentation will be completed and evaluated online using a portal accessible by examiners on the CC website. Registrants will also be able to arrange an examination upon notification by the CC using the online system. In addition, the approval process for accountants acting as agents of the CC to conduct examinations is also available online via the CC website.



# CC Examination Program 2021/2022 & Implementation of Innovative Technologies to Enhance the Registration and Risked- Based Examinations Procedures

- ❖ CC has held training for registrants on how to use the online portal and also for approved agents, accountants, regarding the agent portal.
- ❖ The implementation of these RegTech solutions will make the CC supervisory functions more efficient, effective, optimize available resources and reduce the time to complete the examinations. The CC plans to continue implementing innovative technologies to reduce manual processes, improve registrants reporting experience and enhance AML/CFT/CPF supervision.

# Brief Steps for Registration

The screenshot shows the homepage of the Compliance Commission of the Bahamas. At the top, there is a navigation bar with links for HOME, ABOUT US, CONTACT, and an Electronic Portal (LOGIN/REGISTER) button. The main header features the Commission's logo and the text "COMPLIANCE COMMISSION OF THE BAHAMAS" next to a map of the Bahamas. Below this is a secondary navigation menu with links for Home, About Us, Regulatory & Legal Framework, Registration, Examination, Resources, Education & Training, and News/Releases. The central banner image depicts a tropical beach with palm trees and turquoise water, overlaid with the text: "COMPLIANCE ENJOY THE BEAUTY OF NATURE, FREEDOM, TRANQUILITY & RELAXATION FOLLOWING FULL ADHERENCE TO BAHAMIAN AML/CFT LAWS, REGULATIONS AND GUIDELINES". Below the banner are three columns of content: "Compliance Articles" listing items like "United Nations Security Council Sanctions Regime" and "Concealment of Beneficial Ownership - July, 2018"; "Latest News" featuring press releases from December 2020 and June 2021; and "Upcoming Events" which currently shows "No Events". A "Publications" section at the bottom right highlights "Frequently Asked Questions for DNFBPs supervised by The..." with a download icon.

# Brief Steps for Registration



**REGISTER**

- Click** to Register as a **Sole Proprietor**
- Click** to Register as a **Firm/Company**
- Click** to Register for a **Letter of Appointment**

# Brief Steps for Registration

**REGISTER AS A SOLE PROPRIETOR**

**Sole Proprietor Name/Business Name\***

**Business/Industry Type\***

**Sole Proprietor Street Address\***

**City/Town/Settlement\***

**Island\***

Identify and place the marker at your location to generate Latitude and Longitude values

Longitude  Latitude

Map Satellite

**Postal Address (PO Box)**

**Sole Proprietor Phone Number\***

**Sole Proprietor Website Address**

**Sole Proprietor Email Address\***

**Sole Proprietor National Insurance Number(NIN)\***

**Sole Proprietor Business License Number(BLN)**

**Sole Proprietor Tax Identification Number(TIN)**

**Primary Registrant Contact Information**

First Name\*  Middle Name\*  Last Name\*  Date of Birth\* (mm-dd-yyyy)

City/Town/Settlement\*  Select Island  Select Country of Birth  Primary Email Address\*

Recovery Email Address\*  Phone Number\*

**Financial Service Declaration Status (To be updated annually by each Registrant)**

**Registration Date**

**AML/CFT/CPF Examination Training Select Agent for Review**

**Password Management**

Login ID  Password  Retype Password

**ATTESTATION**

I, , hereby affirm that to the best of my knowledge, information and belief, the contents of this form and the attachments provided with this form are true, correct and not misleading and that I am in compliance with all the applicable provisions of the Financial Transactions Reporting Act, 2018, Financial Transactions Reporting Regulations 2018 and any other relevant legislation(s), Guidelines and Codes of Practice.

I undertake that, as long as I continue to be a manager, compliance officer or money laundering reporting officer of the registered aforesaid company, I will:

- Comply with section 33 of the FTRA, 2018,
- Continue to comply with all the applicable provisions of the FTRA and FTFR, 2018 and any other relevant legislation, [Guidelines and Codes of Practice](#), and
- Notify the Compliance Commission immediately of any material changes affecting the completeness of the answers to any of the questions above.

I also hereby authorize the Commission to make such inquiries and seek such further information as is appropriate in verifying the information given in this Registration form or in any other documents submitted as part of this Registration, for the purposes of performing its due diligence and background checks. We understand that the results of these checks may be disclosed to the person who submitted this Registration application.

Date:  Print Name (to be signed by Senior Management):

**DECLARATION**

I, , hereby declare that I am aware that should I knowingly or intentionally supply false or misleading information herein, I may be liable to prosecution.

Date:  Print Name (to be signed by Senior Management):

Please Attach Electronic Signature  
 No file chosen

I agree with the terms and conditions herein.

# Brief Steps for Registration

The screenshot shows a web application interface for compliance registration. The top navigation bar is blue with the word "Compliance" on the left and a "Logout" link on the right. A dark sidebar on the left contains "MAIN NAVIGATION" with three items: "Dashboard" (selected), "My Company Profile", and "Password Management". The main content area has a light blue header with "Dashboard" and "Control panel", and a breadcrumb "Home > Dashboard". Below this is a "Summary" section with a table of company details and two buttons: "View My Company Profile" and "Edit My Company Profile". The footer contains the text "All Rights Reserved © 2021".

Summary	
Company Name	Pawn Brokers Inc
Company Phone Number	242-486-7890
Company Website Address	www.abc.com
Company National Insurance Number	78945613300
Company Business License Number	78945613300
Company Tax Identification Number	78945613300
Financial Service Declaration Status	Active

[View My Company Profile](#) [Edit My Company Profile](#)

All Rights Reserved © 2021



# AML/CFT/CPF Obligations

In their role as gatekeepers, DNFBPs must comply with FTRA 2018 requirements and other relevant AML/CFT/CPF legislation and applicable guidelines. This includes implementing a compliance program that encompasses the obligations listed below:

- ❖ Conduct and document a risk assessment of the company/firm's inherent risks to determine the level of exposure to the risks of ML/TF/PF, other identified risks and controls to mitigate risks;
- ❖ Establish written risk-based policies and procedures that comply with the provisions of AML laws and guidelines this is to be kept up to date, approved by senior management and/or Board of Directors, available to the competent authority and includes enhanced measures to mitigate risk;
- ❖ Identify and verify customers when opening an account, establishing a business relationship or carrying out the transaction and their source of funds and source of wealth;
- ❖ Appoint a senior management CO and a MLRO;
- ❖ Keep transaction, identification and verification records;
- ❖ Conduct on-going monitoring of customer transactions;





# AML/CFT/CPF Obligations

- ❖ Report suspicious transactions to the FIU, the agency charged with, amongst other things, receiving and analyzing suspicious transactions reports from financial institutions;
- ❖ Ensure the management and appropriate staff receive AML/CFT/CPF training annually;
- ❖ Conduct internal compliance effectiveness reviews of its operations at least once every two (2) years;
- ❖ Submit to AML examination by the relevant regulatory authority and its appointed agents;
- ❖ The compliance program must effectively address the firm's ML/TF/PF threats and mitigate those that are high risk;
- ❖ High risk client relationships (for example, high risk PEPs) have to be approved by senior management in compliance with guidelines in their policies and procedures manual;
- ❖ The firm must have a risk management system for customers and beneficial owners and screen clients through conflict checks and world check to determine and monitor if they are listed on the United Nations Sanctions list; and
- ❖ The firm should have a risk management system for customers and beneficial owners and screen clients to determine if they are PEPs and higher risk relationships, and/or originate from a higher risk country as defined by FATF and apply the appropriate measures defined by the FATF.



# AML/CFT/CPF Obligations

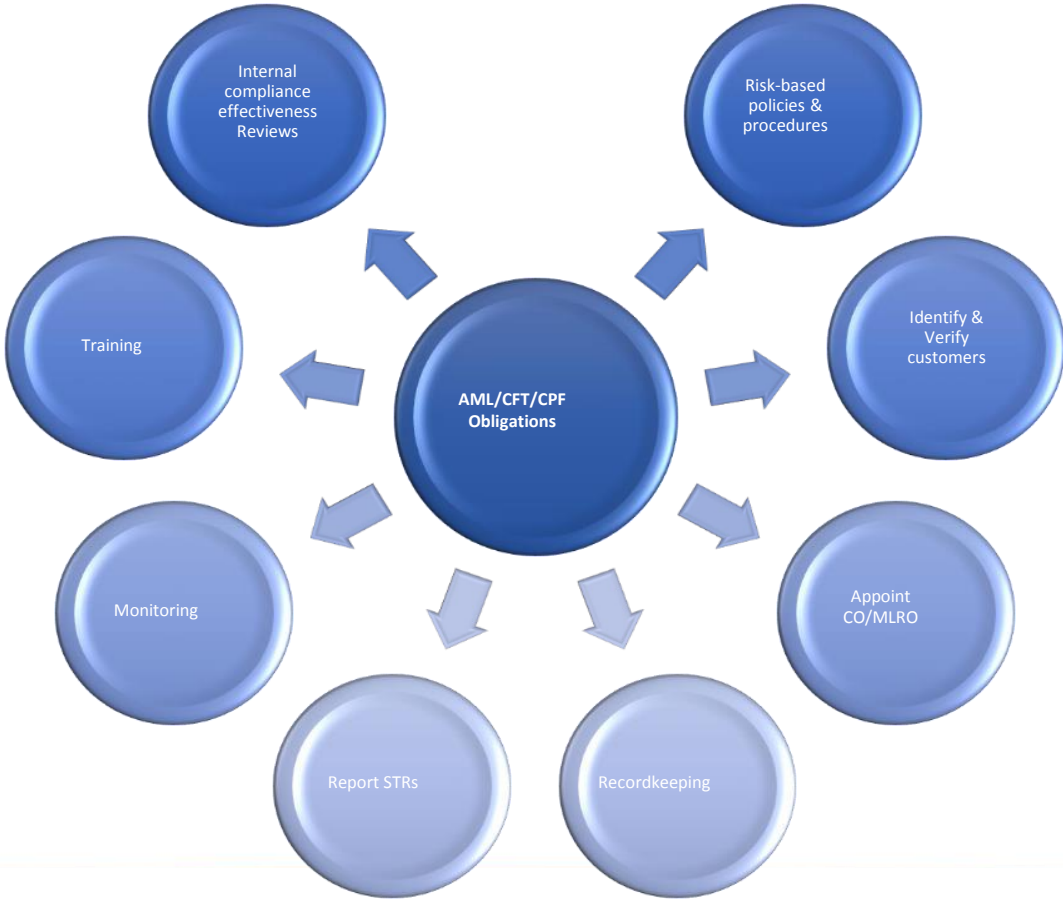
- ❖ Where a DNFBP is unable to comply with relevant CDD requirements or is unsatisfied that the transaction for which it may be involved is sound, as per section 11 of the FTRA 2018, SFIs and DNFBPs shall not establish a business relationship nor carry out a transaction if it is unable to identify and verify a facility holder.

## FTRA 2018 Section 26

### ***Auditors to report suspicious transactions.***

*Notwithstanding any other law, any person who, in the course of carrying out the duties of that person's occupation as an auditor, has reasonable grounds to suspect, in relation to any transaction, that the transaction is or may be relevant to the enforcement of the Proceeds of Crime Act, shall report that transaction to the Financial Intelligence Unit. Protection of identity of persons, etc. relating to suspicious transaction reports.*

# AML/CFT/CPF Obligations





# CC's Supervisory Expectations

- DNFBP's must understand and mitigate risks, prevent abuse by criminals & fulfil the obligations under the AML/CFT/CPF laws.
- Understand ML/TF/PF risk which the business is exposed to.
- Assess ML/TF/PF risks of clients, products & services, geographical regions and delivery channels.
- Implement AML/CFT/CPF compliance program.

***Thank  
You***



**Address:**

**#31 Poinciana House  
East Bay Street**



**Contact Number:**

**242-604-4331**



**Email Address:**

**[compliance@bahamas.gov.bs](mailto:compliance@bahamas.gov.bs)**



**<https://ccb.finance.gov.bs/>**