

DNFBP Compliance Above and Beyond

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The Official Newsletter of The Compliance Commission of The Bahamas



A Word From The Inspector Mr. Andrew Strachan Greetings to All!

In 2015 the Caribbean Financial Action Task Force (CFATF) conducted a Mutual Evaluation of The Bahamas, (MER,) to assess the compliance with the Financial Action Task Force (FATF) standards and whether its AML/CFT system is working effectively. The report was released in 2017 and based on the results The Bahamas was placed on the FATF “grey list.” The “grey list” includes countries that have committed to addressing strategic deficiencies in their AML/CFT regimes and are subject to increased monitoring. The Bahamas reputation as a well-regulated and compliant jurisdiction was negatively impacted and concerns intensified regarding the potential economic fallout if the country remained on the grey list for an extended period. As a result of extensive efforts by the Government of The Bahamas, regulators, and the private sector The Bahamas was removed from the “grey list” in 2020 and addressed all the deficiencies identified in the MER. Presently, The Bahamas is one of the few countries in the world with a rating of compliant or largely compliant in all 40 of the FATF standards for the required laws and regulations. Indeed, we have made significant progress.

The next Mutual evaluation of The Bahamas is scheduled for 2026 and all the Bahamian regulators have started preparing with the goal to attain a high level of effectiveness, regulators have started preparing with the goal to attain a high level of effectiveness to avoid another negative grey listing experience and potential adverse effects on the economy. The 5th round of Mutual Evaluations will put a greater focus on ensuring that countries not only pass the relevant laws and regulations but are also effectively implement these laws. In addition, greater emphasis on the major risks and context to ensure that countries focus on the areas where the risks are highest and take effective action commensurate to the risks they face. Registrants have a shared responsibility to help identify and prevent risks from money laundering, terrorist, and proliferation financing. Accordingly, registrants must have a clear understanding of the risks they face, put in place effective risk mitigation measures, apply a risk-based approach to conducting customer due diligence, keep records, file suspicious transaction reports, and comply with all AML obligations. We encourage registrants to click on the link in this newsletter to learn more about the FATF standards under “FATF Methodology for assessing compliance with the FATF Recommendations and the effectiveness of AML/CFT regimes” – especially read the sections on Immediate Outcome 3 and 4.

JURISDICTIONS UNDER INCREASED MONITORING

Paris, 23 June 2023 - Jurisdictions under increased monitoring are actively working with the FATF to address strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing. When the FATF places a jurisdiction under increased monitoring, it means the country had committed to resolve swiftly the identified strategic deficiencies within agreed timeframes and is subject to increased monitoring. This list is often externally referred to as the “grey list”. Further information can be found [here](#).

Directives and Notices

Pursuant to the Anti-Terrorism Act, 2018 and the International Obligations (Economic and Ancillary Measures) Act (Chapter 16), the Compliance Commission wishes to remind registrants of its obligations to remain compliant with the provisions therein regarding sanctions and reporting thereto. As such, the Commission has issued several directives and notices to its registrants concerning the latest updates to the United Nations Security Council Consolidated Lists and directives from the Office of the Attorney General.

[Click here for more info.](#)

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PROLIFERATION FINANCING

PF under the laws of The Bahamas, and any criminal offence which constitutes proliferation or proliferation financing under a law of a foreign jurisdiction, in relation to acts or omissions which, had they occurred in The Bahamas, would constitute an offence in The Bahamas. The Compliance Commission of The Bahamas, The Securities Commission of The Bahamas, The Insurance Commission of The Bahamas and The Central Bank of The Bahamas is in the process of updating our joint Guidance note on proliferation and proliferation financing. Be on the look out for the document upon its completion. Please see [here](#) the latest publication and [here](#) for the FATF Guidance on Proliferation Financing Risk Assessment and Mitigation.

LEGISLATIVE UPDATES

Amendments to the Proceeds of Crime Act (POCA), the Anti-Terrorism Act (ATA), the Register of Beneficial Ownership Act (RBOA), and the Financial Transactions Reporting Act, 2018 have all been made. On the 4th of October, 2022 the Compliance Commission issued a notice to its Registrants summarizing amendments to the FTRA Sec 22, 32 and 57 of the principal Act, the insertion of 34A into the Principal Act also amendments to section 35 and 37 of the same Act. Further amendments made are to the POCA section 2 and an insertion to RBOA at 17A. The notice can be found [here](#).



Regional AML News

FATF Methodology for assessing compliance with the FATF Recommendations and the effectiveness of AML/CFT systems.

The Bahamas is a member of CFATF - an organization of twenty-four (24) states of the Caribbean Basin. The main objective of the CFATF is to achieve effective implementation of, and compliance with the FATF recommendations to prevent and control money laundering and to counter the financing of terrorism and proliferation of weapons. The CFATF is considered a FSRB - financial action task force style regional body. The CFATF Secretariat undertakes an ongoing programme of the Mutual Evaluation of Members - the assessment teams are made up of members from different member countries and CFATF or FATF staff or members

As amended June 2023 — The FATF conducts mutual evaluations of its members' levels of implementation of the FATF Recommendations on an ongoing basis. These are peer reviews, where members from different countries assess another country. The FATF Methodology for assessing compliance with the FATF Recommendations and the effectiveness of AML/CFT systems sets out the evaluation process.

The assessment also looks at whether a country has met all the technical requirements of each of the 40 FATF Recommendations in its laws, regulations and other legal instruments to combat money laundering, and the financing of terrorism and proliferation.

Regional AML News Continue...

A mutual evaluation report provides an in-depth description and analysis of a country's system for preventing criminal abuse of the financial system as well as focused recommendations to the country to further strengthen its system. Further information can be found [here](#)



FATF Publishes Amended Recommendations for Countries to Implement

The Financial Action Task Force (FATF) amended its 40 Recommendations and accompanying interpretive notes to include revisions to international standards on asset recovery and protecting nonprofit organizations from abuse related to terrorist financing.

In general, the FATF Recommendations set out a comprehensive framework of measures which countries are expected to implement in order to successfully combat money laundering, terrorist financing and the financing of proliferation. The current set of 40 Recommendations were adopted on Feb. 16, 2012, and the most recent updates were adopted during the October 2023 plenary meeting, which concluded on Oct. 27, 2023.

Specifically, FATF amended Recommendations, 4, 30, 31, and 38, as well as Interpretive Notes 4, 30, 38, and 40 to strengthen global asset recovery standards. FATF also amended Recommendation 8 and Interpretive Note 8 to strengthen the implementation of focused, targeted and risk-based measures on nonprofit organizations.

The FATF Recommendations are used by assessment teams when reviewing the technical compliance and level of effectiveness of a country's anti-money laundering and counterterrorist financing framework.

Virtual Assets: Targeted Update on Implementation of the FATF Standards on Virtual Assets and Virtual Asset Service Providers

Paris, 27 June 2023 - In 2019, FATF extended its anti-money laundering and counter-terrorist financing (AML/CFT) measures to virtual assets (VA) and virtual asset service providers (VASPs) to prevent criminal and terrorist misuse of the sector. Since then, FATF has produced three reviews on implementation of its standards on VAs and VASPs. This report provides an update on country compliance with FATF's Recommendation 15 and its Interpretative Note (R.15/INR.15), including the Travel Rule, and updates on emerging risks and market developments, including on Decentralized Finance (DeFi), Peer-to-Peer transactions (P2P), and Non-Fungible Tokens (NFTs), unhosted wallets, and stablecoins. **Further information can be found [here](#).**

Real Estate

The European Parliament issued a Briefing in 2019 on Understanding money laundering through real estate transactions. Also, though it was published some years ago the information is still relevant today. It goes into addressing the misuse of real estate for money laundering as well as tackling the problem and real estate money-laundering impact. **Access to the full brief can be found [here](#).**

Europol Article: The Other Side of the Coin—An Analysis of Financial and Economic Crime.

As stated by Catherine De Bolle Executive Director of Europol, this report is the latest flagship product in Europol's portfolio, a comprehensive and in-dept assessment of the threats posed by financial and economic crimes at EU level. The report goes on to state that infiltration into the legal systems is what makes crime pervasive and destructive and that more than 80% of the criminal networks active in the EU misuse legal Business structures for their criminal activities. **Further information can be found [here](#).**



Guidance on Beneficial Ownership of Legal Persons

10 March 2023 - In March 2022, the FATF agreed on tougher global beneficial ownership standards in its Recommendation 24 by requiring countries to ensure that competent authorities have access to adequate, accurate and up-to-date information on the true owners of companies. The FATF has now updated the guidance that will help countries implement the revised Recommendation 24. The revisions to the Standard will help prevent the organised criminal gangs, the corrupt and sanctions evaders from using anonymous shell companies and other businesses to hide their dirty money and illicit activities. **Further information can be found [here](#).**

The FATF is also developing updated risk-based guidance on Recommendation 25 on Beneficial Ownership and Transparency of Legal Arrangements. The updated guidance reflects the February 2023 revisions to Recommendation 25 and complements the existing guidance on Recommendation 24 on legal persons. The guidance aims to help stakeholders from the public and private sectors that are involved in trusts or similar legal arrangements to assess and mitigate money laundering and terrorist financing risks. **Further information can be found [here](#).**

The CC encourages registrants to take advantage of the articles, presentations, and publications posted on the website to understand the AML obligations. Registrants must educate themselves to understand how they can be used for money laundering, terrorist financing and proliferation financing, and to implement mitigating measures commensurate with their risks. Important CC website links are as follows :

Frequently Asked Questions.

<https://ccb.finance.gov.bs/wp-content/uploads/2023/07/Frequently-Asked-Questions-14-July-2023.pdf>

Resources - FATF/CFATF/UNSCR

<https://ccb.finance.gov.bs/resources/fatf-cfatf-statements/>

Key Legislative

<https://ccb.finance.gov.bs/regulatory-legal-framework/key-legislations/>

CC Codes of Practice

<https://ccb.finance.gov.bs/regulatory-legal-framework/codes-of-practice/>

Enforcement, Sanctions & Penalties

<https://ccb.finance.gov.bs/regulatory-legal-framework/enforcement-sanctions-penalties/>

Examination Policy

<https://ccb.finance.gov.bs/examination/examination-policy/>

CCD Process

<https://ccb.finance.gov.bs/education-training/customer-due-diligence-process/>

Suspicious Transactions Procedures

<https://ccb.finance.gov.bs/education-training/suspicious-transactions-procedures/>

Risk Based Supervisory Framework

<https://ccb.finance.gov.bs/education-training/risk-based-supervision-framework/>

AML/CFT/CPF Overview

<https://ccb.finance.gov.bs/education-training/amlcft-overview/>

Directives & Notices

<https://ccb.finance.gov.bs/news/general-news/>

Publications

<https://ccb.finance.gov.bs/news/publications/>

Presentations

<https://ccb.finance.gov.bs/news/presentations/>

UN Orders

<https://ccb.finance.gov.bs/regulatory-legal-framework/un-orders/>

Our Mission Statement

The Commission's mission is to ensure that Designated Non-Financial Businesses and Professions (DNFBPs) supervised by The Compliance Commission meet best international standards and practices, consistent with the provisions of Bahamian AML/CFT/CPF legislation, aimed at maintaining the Bahamas' reputation as a leading International business center.

FOR MORE INFORMATION CONTACT US AT:

THE COMPLIANCE COMMISSION

First Floor
#31B Poinciana House
East Bay Street
P. O. Box N-3017
Nassau, The Bahamas
Telephone: (242) 604-4331
E-mail: compliance@bahamas.gov.bs