



QUARTERLY LETTER ON REGULATORY AND SUPERVISORY DEVELOPMENTS

BANK SUPERVISION DEPARTMENT

7 October, 2026



QUARTERLY LETTER

Introduction

The third quarter typically represents the peak hurricane period. Thus far, The Bahamas has been largely spared from any severe weather disruptions and for that we remain grateful. This, of course, does not translate into “letting our guards down” as we near the final stretch of the 2026 calendar year and the final two months of the hurricane season. As such, SFIs are reminded to ensure continued readiness and resilience during this period. Continue to review the critical components of your business continuity and disaster recovery plans and make the necessary adjustments, where appropriate, to maintain resilience and readiness.

The third quarter was also the culmination of years of groundwork, collaboration, and coordination in preparation for the Fifth Round Mutual Evaluation (MEVAL) onsite assessment of The Bahamas’ counter financial crimes regime (AML/CFT/CPF)¹, coordinated and assessed by the Caribbean Financial Action Task Force (CFATF). As indicated in our previous quarterly newsletters, the Central Bank, and members of the Group of Financial Services Regulators (GFSR) along with the Office of the Attorney General and Ministry of Legal Affairs (OAG), law enforcement agencies, and financial sector participants will be participating in a host of individual stakeholder meetings with CFATF technical assessors to demonstrate the jurisdiction’s level of technical effectiveness and compliance against the Financial Action Task Force’s (FATF) 40 Recommendations and 11 Immediate Outcomes.

As a reminder, the CFATF Mutual Evaluation is scheduled to take place during October 19 – 30, 2026. Our preparations will include industry engagement with varying categories of SFIs, within the first two weeks of October. Notices to this effect will be issued under separate cover.

SFIs can also continue to monitor the Central Bank’s website for all supervisory updates on all matters pertaining to AML/CFT/CPF.

During the third quarter we made material progress on several policy guidelines and guidance notes previously issued for public consultation. Following the feedback received, these guidelines and guidance notes have been revised and will soon be issued in final form to SFIs. Information regarding these and other activities occurring within the third quarter are outlined below.

¹ Anti-Money Laundering (AML), Counter Financing of Terrorism (CFT) and Counter Proliferation Financing (CPF).

Publication of the Money Laundering (“ML”) and Terrorist Financing (“TF”) Risk Assessment on Legal Persons and Legal Arrangements 2025

The Central Bank, in conjunction with the Office of the Attorney General’s Office and the Identified Risk Framework (“IRF”) Steering Committee, published The Bahamas’ Summary of Findings - Money Laundering (“ML”) and Terrorist Financing (“TF”) Risk Assessment on Legal Persons and Legal Arrangements 2025. The publication was issued to the SFIs and posted on the Central Bank’s website on 29 July 2026: [The Bahamas’ Summary of Findings of the Money Laundering and Terrorist Financing Risk Assessment on Legal Persons and Legal Arrangements 2025- Central Bank of the Bahamas](#).

The aim of this risk assessment was to document The Bahamas’ understanding of ML and TF risks associated with legal persons and legal arrangements at the national level. The scope of this assessment included legal entities formed in The Bahamas under Bahamian law, including companies, foundations, and exempted limited partnerships (ELPs); companies limited by guarantee, investment funds, and other relevant structures. Trusts and comparable legal arrangements administered in or from The Bahamas are also included. In alignment with the FATF standards, the assessment methodology was to systematically identify, assess, and examine ML and TF risks associated with corporate and fiduciary structures.

SFIs are expected to fully comprehend the ML and TF risks associated with legal persons and arrangements in The Bahamas. Moreover, SFIs should maintain risk-based programs and oversight frameworks that are sufficiently robust to monitor and ensure ongoing verification of ultimate beneficial ownership; and to maintain enhanced due diligence and oversight required for complex, cross-border, or high-value structures. The scope of such frameworks should encompass operational risk assessments, internal policies and procedures, guidance notes and other relevant documents.

Targeted Financial Sanctions (TFS) Reporting

During the quarter, the Central Bank issued **nine** United Nations Security Council Sanctions (UNSC) Notice updates. SFIs are obligated to continually monitor these updates and confirm for any possible exposure to sanctioned individuals or entities. The UNSC updates can be accessed using the following link: - [Home → Core Functions → AML/CFT/CPF → Bank Supervision → UN Security Council Sanctions](#).

SFIs are encouraged to file timely TFS Reporting forms in accordance with the [GFSR Guidance Notes on Targeted Financial Sanctions Reporting Forms](#).

Financial Action Task Force (“FATF”)

During the quarter, the FATF provided insight on the following key areas of focus to combat fraud and illicit financing:

- **Fraud Roadmap 2026-2028** - FATF President Giles Thomson designated fraud as a high-priority area of focus, and launched the FATF Fraud Roadmap for the 2026-2028 period on 1 July 2026. He attributed this focus to the increasing level of fraud cases across jurisdictions reported in the mutual evaluation exercises. Fraud has been identified as a major

global threat, with estimated losses of approximately US\$500 billion annually. As a result, there has been a strategic shift from a reactive to preventative approach. The focus has now been applied to the prevention of fraud at scale, disruption of networks, recovery of stolen assets and reimbursement of funds to victims, cross sector collaboration, leveraging the existing FATF toolkit and the implementation through FATF's mutual evaluation and follow up examinations processes.

- **FATF Report: Information Sharing to Combat Illicit Finance** – the FATF, in its July 2026 report, [Information Sharing to Combat Illicit Finance: Global Overview of Public and Private Sector Partnerships and Data Protection Arrangements](#), examined how PPPs and other information-sharing mechanisms can support the detection, analysis and disruption of financial crime.

The FATF noted that the speed and complexity of modern financial transactions make effective information sharing between public authorities and the private sector increasingly important. The report identified at least 84 PPPs globally, with 52 surveyed jurisdictions reporting at least one domestic PPP and 18 reporting more than one. FATF observed that PPPs can provide particular value through the rapid exchange of actionable intelligence and can improve the detection and investigation of ML/TF/PF and predicate offences. The report found that more than 75% of reporting jurisdictions were using PPPs to share strategic information such as typologies, red flags and risk trends while 55 – 66% of jurisdictions have PPPs for operational information sharing such as case intelligence, suspicious transaction report indicators and customer due diligence or Know Your Customer data reflecting different needs, context, stages and evolution of PPPs.

For SFIs in The Bahamas, the report reinforces the importance of effective cooperation and information sharing between SFIs and relevant authorities, including FIUs, law enforcement and supervisors. SFIs should therefore consider whether their existing frameworks allow them to participate effectively in permitted information-sharing arrangements and whether appropriate governance, confidentiality and data-protection controls are in place. SFIs should also assess whether their existing processes facilitate the sharing and use of relevant typologies, red flags, emerging risks and financial-crime intelligence, in accordance with applicable legal and regulatory safeguards.

Overall, the FATF's initiative signals a move toward a more collaborative and proactive approach to financial crimes prevention, where public authorities and private-sector institutions combine information, expertise, and technology to pre-emptively identify and respond to risks.

Annual Bahamas Research Conference on Financial Crime

The Central Bank will host its eighth annual Bahamas Research Conference on Financial Crime on 14-15 January 2027, at the Margaritaville Beach Resort in Nassau, Bahamas. The conference continues to facilitate vibrant discussions and spotlight topical and emerging issues within the sector. The conference will include a dynamic line-up of both local and international presenters. Up to date information on the conference will be maintained through the website at [Bahamas AML Conference](#). Information on early registration and attendance will be provided in the fourth quarter.

Policy Updates

During the third quarter 2026, several policy guidelines and guidance notes were revised following the respective periods of public consultation. The referenced guidelines and guidance notes are as follows:

- Compliance Officer Guidelines: The Guidelines, which will be issued in the fourth quarter, reflect the Central Bank's ongoing efforts to strengthen the governance framework for independent and adequately resourced compliance functions. They also set out the authorisation requirements for the approval of Compliance Officers (COs), address outsourcing considerations, and require the submission of an annual attestation by SFIs. The Guidelines also establish the Central Bank's expectation regarding the effective oversight and functioning of the CO within SFIs.
- Guidance Notes for Participating in Agency Banking: The Guidance Note, which will be issued in the fourth quarter, establishes a regulatory framework for the provision of basic financial services through approved agents. The policy guidance permits licensed banks and credit unions to engage eligible non-bank entities, including payment service institutions, money transmission businesses, and other approved entities, to provide specified financial services on their behalf. The framework establishes eligibility and approval requirements for agents and sub-agents, including non-exclusive agency arrangements, while maintaining the accountability of participating financial institutions for their agents' activities.
- Guidance Notes for Participation in the Regulatory Sandbox: The Guidance Notes, which will be issued in the fourth quarter, outline the standards, processes, and procedures governing participation in the Regulatory Sandbox. The Guidance Notes are intended to assist both new entrants and existing financial institutions that wish to introduce innovative financial solutions in or from within The Bahamas.

The *Guidelines for Assessing the Fitness and Propriety of Applicants for Regulated Functions* will be revised to add further clarity regarding the verification of an individual's source of wealth and source of funds. The intended notation will address the requirement for documentary evidence to be supplied which includes how the individual's wealth was generated or accumulated and the origin of any capital injection into the entity. Notice of the revision will be issued under separate cover early in October 2026.

Large Exposure Framework

We wish to thank the SFIs who responded to our post-QIS survey on the draft large exposure guidance and forms following their submissions of their reporting data in the proposed data return forms. These responses provided deeper insights into the framework and provided feedback that will help to refine the draft regulations and guidelines. Once the information has been thoroughly collated and vetted, we will apprise industry stakeholders on the next steps regarding implementation of the framework.

Conclusion

As key financial services sector stakeholders, it is incumbent upon SFIs to remain abreast of both international, regional, and national actions that impact our sector. In addition to the quarterly newsletter updates, we also encourage SFIs to routinely visit the Central Bank's website to keep updated on matters pertaining to the financial services sector. Where questions arise, please continue to reach out to members of the Supervision Department to obtain the necessary clarity or responses that you may require. The immediate period ahead is pivotal for the jurisdiction, particularly as we undergo our CFATF Mutual Evaluation as well as await the final published report for the OECD Peer Review for CRS-AEOI. We look forward to the upcoming industry briefing, and the deeper engagement with firms that are expected to meet with the assessors. In any event, it is an opportunity for all stakeholders to recommit to achieving effective risk-based outcomes against our international commitments.

In closing, we wish to also advise that the Correspondent Banking Newsletter, covering the period 2024-2025, is expected to be published in the fourth quarter.

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