



WHAT'S INSIDE:

DOMESTIC UPDATES: A roundup of important industry developments in the domestic financial services market

INTERNATIONAL & REGIONAL NEWS: Regional and international initiatives and news of relevance to industry stakeholders

MESSAGE FROM THE CEO ▼



Happy New Year and we are certainly looking forward to better days.

Welcome to this our first issue of our newsletter for 2021. We ended the year with good news of removal of The Bahamas from the FATF listing. It is our hope that we will be removed from other such lists in the not too distant future. In the meantime, we remain committed to our collaboration with policy makers to ensure that the perspective of industry is factored into decision making on matters which impact the sector.

We continue our work to create a greater awareness of what The Bahamas offers as an international financial centre. While we were not able to host our traditional Landfall events in 2020, we were still able to tell our story using virtual and print media. Sharing the value proposition of The Bahamas with the support of our members and The Ministry of Financial Services, Trade and Industry and Immigration remains our key priority.

As always, BFSB is here to serve its members and we look forward to your continued engagement in our work. Do not hesitate to contact us at info@bfsb-bahamas.com.

—
Tanya McCartney
CEO & Executive Director

DOMESTIC UPDATES ▼



FATF removes The Bahamas from the list of Jurisdictions under Increased Monitoring

The Financial Action Task Force has removed The Bahamas from the list of Jurisdictions under Increased Monitoring. Therefore, The Bahamas is no longer subject to the FATF's increased monitoring process. The Bahamas has strengthened the effectiveness of its AML/CFT system and addressed related technical deficiencies to meet the commitments in its action plan and remedy the strategic deficiencies identified by the FATF in October 2018. The FATF congratulates The Bahamas for the significant progress it has made in improving its AML/CFT regime. Click [here](#) for further details.

CESRA Penalties suspended to January 31st, 2021



As more filings continue to roll-in Government listens and responds by granting leniency on late penalty until January 31st. Over 17,500 entities have successfully completed their 2019 reporting under the new Commercial Entities (Substance Requirements) Act, 2018, which was due at the end of 2020. However, that leaves thousands of companies and other entities that still must meet their reporting obligations under

the new legislation. The Government indicated that it understands the challenges faced by some entities in complying and has made the decision to suspend late penalties until January 31st for entities that meet their reporting obligations before the end of the month. This follows an extension to the deadline from September 2020 to December that was granted last year. To facilitate the demand, the Department of Inland Revenue has allocated dedicated staff to process requests in the reporting portal. While some businesses have experienced delays, DIR is working around the clock to process requests. Minister of State for Finance Senator Kwasi Thompson urges businesses to take advantage of the month-long grace period to become CESRA compliant. Read more [here](#).

DOMESTIC UPDATES ▾



Attorney-General Carl Bethel installed as Chair of CFATF at the Caribbean Financial Task Force Virtual Plenary and Working Group Meetings

The Caribbean Financial Action Task Force (CFATF) held its Virtual Plenary and Working Group Meetings during the period of 20th November – 12th December, 2020 via ZOOM. In attendance at the Plenary Meetings and sessions were persons representing the 26 members of CFATF, the Financial Action Task Force (FATF), the International Monetary Fund, United Nations Office on Drug and Crime, and Canada (representing the COSUNS).

The Plenary sessions culminated with the Honourable Carl Wilshire Bethel being installed as Chair of CFATF for the year 2020-2021 having served as Deputy Chair for the year 2019-2020. The Bahamas takes up the mantle to Chair of CFATF once again having held the post of CFATF Chair in 2002-2003 and 2013-2014. The CFATF Chair's Work Programme for 2020/2021 have two primary objectives of which are:

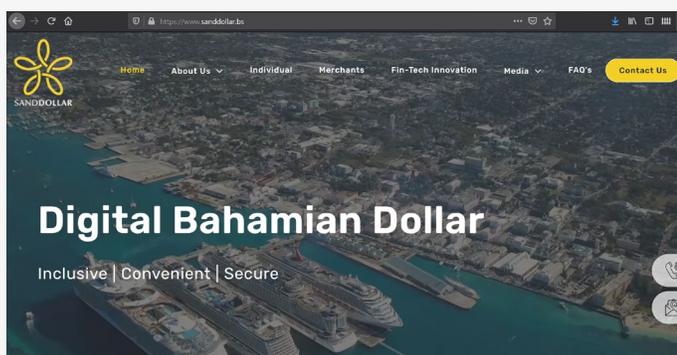
- to ensure that its Members achieve and maintain effective Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation Regimes (AML/CFT/CPF), through compliance with the FATF Recommendations, Interpretative Notes and Immediate Outcomes; and
- to contribute to the global AML/CFT Standards.



Update on The Bahamas Digital Currency Rollout

Central Bank of The Bahamas advises that public access to The Bahamas' digital currency is projected to increase during the first quarter of 2021, as financial institutions continue to integrate Sand Dollar into their mobile wallet platforms. To date, six firms have successfully completed the cybersecurity assessment and have been cleared to distribute Sand Dollars within their proprietary mobile wallets. An additional three firms have begun the cybersecurity assessment process and are likely to complete this evaluation in early 2021. This second group includes one credit union and one commercial bank. During 2021, the Central Bank will accelerate public education around digital financial services. The campaign will begin to intensify in the first quarter once interoperable digital currency access is enabled across multiple mobile wallet platforms. During the month of January, the Central Bank will unveil more details on the regulatory environment for the digital currency, including minimum interoperability and financial inclusion standards. Click [here](#) to read more.

Website for Sand Dollar Digital Currency Launched



The Central Bank of The Bahamas has launched the official website for its Sand Dollar digital currency. The key objectives of the Sand Dollar are to: increase the efficiency of the Bahamian payments system through more secure transactions and faster settlement speed; provide non-discriminatory access to payment systems without regard for age, immigration or residency status; achieve greater financial inclusion, cost-effectiveness and provide greater access to financial services across The Bahamas; and strengthen our national defenses

against money laundering, counterfeiting and other illicit ends by reducing the ill effects of cash usage". The website reveals the tiers that Bahamians can sign up for, including a tier two mobile wallet that allows for a wallet balance of \$5,000 and monthly transactions of \$10,000. The tier two wallet will also be able to link to the user's bank account and requires government-issued identification for enrollment. The tier one wallet does not require identification and has a holding limit of \$500, with monthly transactions capped at \$1,500. The website also reveals that authorized financial institutions, where Bahamians are able to sign up for a Sand Dollar account include Kanoo, Sun Cash, Mobile Assist, Omni Financial Group, Money Maxx and Cash N' Go.

Businesses are urged to become Sand Dollar enabled, given that its transactions are safer than cash; provide an auditable paper trail; is able to be processed through a mobile phone or integrated point-of-sale terminal; provides faster settlement than credit or debit cards; enables fast fund transfer; reduces the cost of using cash and carries lower merchant fees than other electronic payment systems. Merchant wallets have a holding limit of \$8,000 to \$1,000,000 with unlimited annual transactions. Merchant wallets must be tied to a bank account and produce the following documents during enrollment: a valid business license and value-added tax certificate." Click [here](#) to view the website.

DOMESTIC UPDATES ▾

Public Reminder on Investment Currency Funding of Cryptoassets Purchases

The Central Bank of The Bahamas reminds the public that there is no prohibition on investments in cryptocurrencies or cryptoassets by Bahamians. These are non-domestic instruments which must be funded with foreign exchange, purchased through the Investment Current Market. Investment Currency purchases require Exchange Control approval. However, the Bank suspended access in May 2020, as part of the foreign currency conservation measures introduced in response to the COVID-19 crisis. Market access will resume once private sector foreign currency inflows recover. Individuals that currently have approvals to hold and maintain foreign currency denominated investments may continue to trade in such assets, including cryptocurrencies. Click [here](#) to view notice.

Continued Suspension of New License Applications for Payment Services Providers and Money Transmission Businesses

On November 19, 2019, the Central Bank of The Bahamas announced the Suspension of New License Applications for Payment Service Providers and Money Transmission Businesses. The Bank has reviewed this position and advises that given the impact of the pandemic and ongoing adjustments in the sector, the moratorium will remain in place until the end of 2021. At that time, the Central Bank will undertake another review. The Bank will continue to consider other regulatory applications affecting the scale or ownership of existing operations. Click [here](#) to view further details on the Notice.

Interest Growing in Bahamas Extended Access Travel Stay (BEATS) Visa

Changes in the world of travel have altered how we work, study, explore and unwind, inspiring imaginative ways to combine learning and work from home routines with an authentic island experience. The Bahamas Extended Access Travel Stay (BEATS) initiative was one of the recommendations made by the Economic Recovery Committee (ERC) and recently approved by the Cabinet to take advantage of remote working protocols caused by COVID-19. The one-year extended-stay visa that offers the opportunity to live and work remotely or study from any of our beautiful islands. To access information on the application requirements, click [here](#).

INTERNATIONAL & REGIONAL NEWS ▾

**OECD Plans Public Consultation Meeting on “Blueprints” for Taxing Large Multinationals**

The OECD has announced that it will hold public consultation meetings on the **Report on the Pillar One Blueprint** and the **Report on the Pillar Two Blueprint**. The meetings are scheduled for **January 14–15 at 2:30–16:30 CET (Day 1) and 13:00–16:30 CET (Day 2)** and will be held via Zoom and also live-streamed. The live stream can be accessed at this [link](#).

The two blueprint reports, released October 12, are being considered by a 137-country coalition known as the “Inclusive Framework on BEPS.” The Inclusive Framework, an OECD-led body, is trying to reach a common agreement on a new set of international tax rules for multinational groups. The goal is to agree to a new international tax scheme that is better suited to taxing companies engaged in the digital economy; however, the latest proposals would go far beyond just taxing digital businesses. More than 250 letters from commentators have been published by the OECD in response to its public consultation on the two reports. Many of these commentators are expected to speak at the two-day meeting.

USA introduces Sweeping Anti-Money Laundering Legislation

The US Congress has voted to override President Donald Trump’s attempted veto of the National Defense Authorization Act for Fiscal Year 2021. The Act includes legislation mandating the creation of a central registry to track the beneficial owners of US business entities and directs the government’s Financial Crimes Enforcement Network (FinCEN) to monitor money-laundering risks related to digital currency and art and antiquities dealing. It has now passed into law, although it will be many months before it comes into force. Read more on this [here](#).

**Update: COVID-19 Related Money Laundering and Terrorist Financing Risks**

The COVID-19 pandemic has led to unprecedented global challenges, human suffering, and economic hardship. The pandemic has also spawned a range of COVID-19 related crimes, which are creating new sources of income for criminal networks. In May 2020, the FATF highlighted the COVID-19 related money laundering and terrorist financing risks and policy responses. This report was recently updated, highlighting the latest developments. Using input from the FATF Global Network of over 200 countries and jurisdictions, and from private and public sector webinars in July and September, the paper details how criminal continue to exploit the crisis.

A selection of case studies illustrates how the risks have evolved as the pandemic has progressed, and how authorities have dealt with them. These include mounting cases of counterfeiting medical goods, cybercrime, investment fraud, charity fraud and abuse of economic stimulus measures.

To respond to these evolving risks, authorities and the private sector need to take a risk-based approach, as required by the FATF Standards. This means mitigating the money laundering and terrorist financing risks without disrupting essential and legitimate financial services and without driving financial activities towards unregulated services providers. Supervisors should also clearly communicate about the national risk situations and regulatory expectations.

There is no one-size-fits-all approach. However, the FATF’s report on risks and policy responses provides guidance on how jurisdictions should address these issues. Click [here](#) to view the updated report.

INTERNATIONAL & REGIONAL NEWS ▼

FATF/Egmont Trade-based Money Laundering: Trends and Developments

International trade networks can attract criminals and terrorists financiers who exploit the interconnected supply chains to launder the proceeds of crime or finance terrorism. Recognising trade-based money laundering is difficult, particularly when there is a lack of understanding of this technique. A new FATF-Egmont Group report aims to help public and private sector with the challenges of detecting trade-based money laundering. Using numerous case studies from around the FATF's Global Network, it explains the ways in which criminals exploit trade transactions to move money, rather than goods.

It highlights recommendations to address the trade-based money laundering risks. Countries should use national risk assessments and other risk-focused material to raise awareness with the public and private sector entities involved in international trade. These include financial intelligence units, customs agencies, law enforcement, financial institutions, transport companies, importers and exporters, accountants and auditors. Given the diversity of tradable goods, the involvement of multiple parties, and the speed of trade transactions, trade-based money laundering remains a significant risk. This report aims to help public and private sector understand these risks so that they can take action when it occurs.

The FATF and the Egmont Group will continue to work together to develop risk indicators which will make it easier to recognise use of trade mechanisms for money laundering. Click [here](#) to view the report.

CFATF Hosts Its First Virtual Plenary session

Outgoing CFATF Chairman, the Honourable Lt. Col. Edward Croft, Director of the Office of National Drug and Money Laundering Control Policy of Antigua and Barbuda chaired the CFATF LI Plenary and Working Groups meetings which commenced virtually on 20th November 2020 and conclude on 11th December 2020.

This represented the final Plenary over which the Honourable Lt. Col. Edward Croft presided as he passed the baton to the Honourable Carl Wilshire Bethel, Q.C. Attorney General and Minister of Legal Affairs who will hold the position of CFATF Chairman for the period November 2020 to November 2021. The Deputy Chairmanship is now held by Bermuda. The main issues dealt with by this Plenary were:

- Mutual Evaluations
- Adoption of Amendments to the CFATF Procedures for the Fourth Round of AML/CFT Mutual Evaluations
- CFATF International Co-operation Review Group (ICRG) Matters
- CFATF Governance

For the period November 2020/November 2021, the Chairmanship of the CFATF is held by The Bahamas represented by the Honourable Carl Wilshire Bethel, Q.C. Attorney General and Minister of Legal Affairs. The Deputy Chairmanship is held by Bermuda. The position of Immediate Past Chair is held by Antigua and Barbuda, represented by Lt. Col. Edward Croft, Director of the Office of Drug and Money Laundering Control Policy, which ensures the tripartite governance of the CFATF. Click [here](#) to read more.



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