

**WHAT'S INSIDE:****DOMESTIC UPDATES:** Industry developments in the domestic financial services market.**INTERNATIONAL & REGIONAL NEWS:** Regional & international initiatives and news of interest to industry stakeholders.**UPCOMING EVENTS****DOMESTIC UPDATES ▼****CENTRAL BANK RELEASES
SUMMARY REPORT FROM AML DATA
RETURN SUBMISSIONS**

The Central Bank of The Bahamas (CBOB) released a summary of its analysis of the AML Data Returns submitted by banks and trust companies, cooperative credit unions and money transmission businesses.

The collection of the AML Data Return is a part of the Central Bank's continuous supervision of ML/TF risks and enhances the data compilation and regulatory surveillance. The report summarizes the findings from the submissions for 2019, the inaugural year of the AML Data Return, and 2020. Read more [here](#).

**MONTHLY ECONOMIC FINANCIAL
DEVELOPMENT (MEFD) OCTOBER
2021**

The domestic economy continued a gradual pace of recovery during the month of October, despite the ongoing spread of the Novel Coronavirus (COVID-19). Tourism output maintained its strengthening, undergirded by gains in the high value-added air segment and uptick in sea traffic, reflecting sustained progress in vaccination efforts, both locally and internationally.

Monetary developments registered a decrease in bank liquidity, owing to an expansion in domestic credit, which contrasted with a reduction in the deposit base. Similarly, external reserves declined during the review month, largely attributed to seasonal net foreign currency outflows through the public sector. Read more [here](#).

Bahamas now Compliant and Largely Compliant with 38 of the 40 FATF Recommendations

The 4th Round mutual evaluation report (MER) of The Bahamas was adopted in July 2017. The Bahamas' 4th Enhanced Follow-up Report (FUR) was published September 15th, 2021. This follow-up report analyses The Bahamas' progress in addressing certain technical compliance deficiencies which were identified in The Bahamas' MER. Re-ratings are given where sufficient progress has been made. Overall, The Bahamas has made significant progress in addressing technical compliance deficiencies identified in its MER. As such in November 2021, the jurisdiction has been upgraded on R.6, 7, 19, 22, 24, 26, 27, 28 and 33.

Table 1. Technical compliance ratings, November 2018

R 1	R 2	R 3	R 4	R 5	R 6	R 7	R 8	R 9	R 10
LC	C	C	C	LC	PC	PC	PC	C	C
R 11	R 12	R 13	R 14	R 15	R 16	R 17	R 18	R 19	R 20
LC	C	C	C	LC	LC	C	LC	PC	C
R 21	R 22	R 23	R 24	R 25	R 26	R 27	R 28	R 29	R 30
C	PC	LC	PC	LC	PC	PC	PC	C	C
R 31	R 32	R 33	R 34	R 35	R 36	R 37	R 38	R 39	R 40
LC	LC	PC	LC	LC	LC	LC	LC	LC	LC

Read more [here](#).**INTERNATIONAL OBLIGATIONS (ECONOMIC AND ANCILLARY MEASURES) ACT,
CHAPTER 16 (IOEAMA): ISIL (DA'ESH) AND AL-QAIDA**

Pursuant to section 3A of the International Obligations (Economic and Ancillary Measures) Act, Chapter 16 (IOEAMA), registrants and licensees of the Securities Commission of The Bahamas (the Commission) are hereby informed that on 23 November 2021, the Security Council Committee pursuant to resolutions 1267 (1999), 1989 (2011) and 2253 (2015) concerning ISIL (Da'esh), Al-Qaida, and associated individuals, groups undertakings and entities approved the addition of the entry specified in the United Nations [press release](#) to its ISIL (Da'esh) and Al-Qaida Sanctions List of individuals and entities subject to the assets freeze, travel ban and arms embargo set out in paragraph 1 of Security Council resolution 2368 (2015), and adopted under Chapter VII of the Charter of the United Nations.

Registrants and licensees are urged to take all appropriate actions to ensure full compliance with the section 3A IOEAMA, Part IV, "Implementation of United Nations Security Resolutions", of the Anti-Terrorism Act, and regulation 8 of the Anti-Terrorism Regulations. Read more [here](#).

INTERNATIONAL & REGIONAL NEWS ▼



REVISIONS TO FATF RECOMMENDATION 24 AND ITS INTERPRETIVE NOTE (BENEFICIAL OWNERSHIP) – PUBLIC CONSULTATION: The Financial Action Task Force (FATF) is considering proposals for amendments to Recommendation 24 and its interpretive Note on the transparency and beneficial ownership of legal persons.

Following a White Paper Consultation in June – August 2021 on a number of key policy areas, the FATF has analysed the views received from various stakeholders in considering the potential amendments. These amendments seek to reinforce the Recommendation to ensure greater transparency about the beneficial ownership of legal persons, and take action to mitigate the risks. The FATF is consulting all affected stakeholders before finalizing these amendments.

Click [here](#) to view the draft text of proposals for amendments.



STEP RESPONDS TO FATF'S CONSULTATION ON TRANSPARENCY: STEP has submitted a response to the Financial Action Task Force (FATF) consultation on its revisions to Recommendation 24 and its interpretive note. STEP agrees with FATF's aim to increase transparency and encourage rigorous safeguards to combat financial crime such as tax evasion. However, STEP stresses that transparency should have appropriate and legitimate boundaries. In its response, STEP has identified potential issues relating to what constitutes a sufficient link with another country.

It has called for FATF to explore whether Common Reporting Standard information could be made available for this purpose instead, which would avoid the burden of dual reporting. STEP has also reiterated that bearer shares, should be permitted only in the most exceptional of cases where there is a controlled environment. The paper also raises concerns over FATF's understanding and definition of 'nominee directors'. Read more [here](#).



EUROPEAN UNION'S ECONOMY COMMISSIONER OUTLINES PRIORITIES FOR 2022: The European Union Commissioner for Economy, Paolo Gentiloni, has confirmed that implementation of the OECD two-pillar international business taxation agreement is the European Commission's number one priority for 2022. Other key priorities for 2022 include a proposal on fighting the use of 'shell entities' operating from low-tax jurisdictions while having no or only a minimal presence there. Measures to ensure that such entities do not benefit from tax advantages granted by the EU are expected to be adopted early next year.

Gentiloni also announced that the EU is prioritizing a 'more robust approach for zero tax jurisdictions in the context of the EU list of non-cooperative jurisdictions'. Currently, the EU Code of Conduct Group (Business Taxation) (CCG) does not automatically add jurisdictions to its list of non-cooperative jurisdictions for tax purposes merely because they apply zero or low corporation tax rates. In October, the European Parliament adopted a resolution calling for the criteria to be reviewed so that zero-or-low-tax jurisdictions outside the EU are automatically included in this list, as well as requiring companies in a given jurisdiction to have real economic activity there.

Read more [here](#).

CONTINUED

INTERNATIONAL & REGIONAL NEWS ▼



ANTI-MONEYLAUNDERING: COUNCIL AGREES ITS NEGOTIATING MANDATE ON TRANSPARENCY OF CRYPTO-ASSET TRANSFERS: The Council of the European Union has agreed a proposal for a directive compelling all crypto-asset service providers to collect and make accessible full information about the sender and beneficiary of the transfers of virtual or crypto-assets they operate, in a version of the ‘travel rule’ already observed by payment service providers when making conventional wire transfers. The proposed directive modifies a July 2021 European Commission draft, introducing requirements for crypto-assets transfers between crypto-asset service providers and ‘unhosted’ wallets. It will apply regardless of the transaction amount. It will now be negotiated with the European Parliament. Read more [here](#).

PUBLIC COUNTRY-BY-COUNTRY REPORTING DIRECTIVE PUBLISHED IN THE OFFICIAL JOURNAL OF THE EU: The Directive on Public Country-by-Country Reporting, Directive 2021/2101 amending Directive 2013/34/EU as regards disclosure of income tax information by certain undertakings and branches, has now been published in the Official Journal of the European Union. The Directive will accordingly enter into force on 21 December, and Member States will thereafter have 18 months to implement the directive into domestic legislation. Reporting obligations will apply from mid-2023. Read more [here](#).



OECD REPORT: INCREASED TAX REVENUE ESSENTIAL IN MEDIUM TERM -LATAM AND CARIBBEAN: A just-released report by the Organisation for Economic Co-operation and Development (OECD) in conjunction with the United Nations Economic Commission for Latin America and the Caribbean (UNECLAC), which urges Latin America and Caribbean governments to use fiscal, social and production transformation policies as part of building a new social contract.

The Latin American Economic Outlook 2021 (LEO) which was released over the weekend points to specific challenges related to debt burdens in The Bahamas and the Caribbean. The report noted the complex challenges the government must face in supporting recovery despite a low fiscal space. It states while over the short term governments should focus on reducing tax evasion, over the medium and long term increased tax revenue is critical to maintain the level of government expenditure in regional economies. Read more [here](#).

UPCOMING EVENTS ▼

FORUM FOR IMPACT - “BUILDING BRIDGES FOR IMPACT ACROSS THE AMERICAS” — MAY 18- 20, 2022

Co-sponsored by BFSB with The Ministry of Financial Services, Trade and Industry and Immigration and The Ministry of Tourism, Forum for Impact under the theme “Building Bridges for Impact Across the Americas” will take place in Nassau November 17-19, 2021. It will bring together HNWIs, Family Office principals and investors to “engage the unengaged” in discussions on impact and investment to help build sustainable legacies. Between 60 to 80 HNW/UHNW individuals are expected to attend the event. It will be an opportunity to showcase our private wealth management pedigree and why The Bahamas is an ideal hub for Family Offices.

LATAM FAMILY OFFICES EVENT — APRIL 28-29, 2022 Hugo Della Motta (Head of LATAM, Portfolio Summits)

The First Annual Latin America Advisory & Banking Summit promises to be a one day completely live meeting for financial advisors and bankers serving markets across Latin America, the Caribbean and South Florida. Conversations at the event are based on 20+ years in the industry and will focus across Asset Allocation, Wealth Structuring, Planning, Country and Regionally Specific Issues, Marketing an Advisory Firm and M&A in the industry.