

**THE SECURITIES COMMISSION**  
**&**  
**THE INSPECTOR OF FINANCIAL & CORPORATE SERVICE**  
**PROVIDERS**

**EXAMINATION FORM**

**FINANCIAL & CORPORATE SERVICE PROVIDERS**

Section 11 (3) (b) of the Financial and Corporate Service Providers Act, Chapter 369 (FCSPA) calls for mandatory inspections of the operations of Financial and Corporate Service Providers.

Under Section 15 of the FCSPA, all Financial and Corporate Service Providers (FCSPs) are required to maintain certain records of all their International Business Companies and Exempted Limited Partnerships. These records are examined under Section I of this form.

Section II of this form provides for the examination pursuant to the FTRA's Anti-Money Laundering requirements and the requirements of the Anti-Terrorism Act, Chapter 107. The facilities of each FCSP is subject to Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT) regulation where services rendered involve the licensee facilitating the entry or placement, movement or removal of funds, into, within or out of the financial system on behalf of clients. If an FCSP does not provide any of the preceding financial intermediary services, then he/it is not required to complete Parts III-VI of Section II of this form.

## Instructions

Please read all instructions carefully before completing this form

### What is the purpose of this form?

The purpose of this form is to assess the level of compliance of financial institutions with the requirements of Bahamian AML/CFT laws and rules.

### Who should complete this form?

This form may be used by the Securities Commission and Accountants duly appointed to act as agents of the Commission to conduct on-site examinations. This form may also be used by a senior staff member of a financial institution for the purpose of an off-site examination.

### Please indicate below the type of examination to be conducted:

#### Securities Commission Examiner

Follow-up On-Site Examination   
Random On-Site Examination   
Special On-Site Examination

#### Appointed Accountant

Routine On-Site Examination

#### Authorized Senior Staff Member of Financial Institution

Off-Site Examination

If this is an Off-Site, please state the name and position of person completing the form

\_\_\_\_\_  
Name

\_\_\_\_\_  
Position

### Notes to the Examiner:

1. This examination form is in two parts - the first Section relates to the regulatory obligations of the FCSPA while the second Section relates to obligations of the FTRA. Parts III-VI of Section II of this form should only be completed if a FCSP has facilities through which a facility-holder may place, move, or remove funds, into, within or out of the financial system. If **NO** funds were transacted, the examiner shall indicate this under general comments on page 10. In addition, an Authorised Senior Staff Member of the organisation shall sign in the space provided on page 10 to certify that the FCSP has **NOT** conducted any financial transactions for the current examination period.
2. Examiners are reminded that all examinations are risk-based. The examination **should not** be completed if the financial institution has not categorized its facilities into high or low risk for money laundering and terrorist financing. Please advise the Commission of this immediately.
3. Examination forms should be type-written and returned to the Securities Commission within ten (10) working days subsequent to the completion date of the examination.
4. **The examination year follows the calendar year and commences 1<sup>st</sup> January of each year and ends 31<sup>st</sup> December.**
5. Definition of key terms on the examination form can be found on page 11 of this form and a sample guide on the facilities to be examined can be found on page 12.



## PART II

### VERIFICATION AND RECORD-KEEPING OBLIGATIONS

10. Number of International Business Companies (IBCs) on record: \_\_\_\_\_

11. Number of Exempted Limited Partnerships on record: \_\_\_\_\_

**NOTE:** *If the client is a local financial institution or is subject to a licensing regime and regulated by a foreign supervisory body in a country outlined in the First Schedule to the Financial Transactions Reporting Act, Chapter 368 and that supervisory body has AML requirements which are equivalent to or higher than Bahamian standards, the licensee is exempted from providing the information in 12 and 13 below.*

**The licensee should note that their clients are required to maintain the relevant information and undertake to provide it to the licensee immediately upon request.**

The information in 12 relates to **International Business Companies**

12. Number/ Percentage of IBCs examined: #  %

Please inquire whether the following documents are on file for each IBC examined. Also indicate the number of IBCs examined that **have** the required information on file and the number of IBCs examined that **did not** have the required information on file –

Information Required	Number of IBCs <u>with</u> information on file	Number of IBCs <u>without</u> information on file
Instructing client's principal place of business		
Instructing client's business address		
Instructing client's telephone		
Instructing client's facsimile		
Instructing client's electronic address		
Names and addresses of the beneficial owners of the IBC		
Activity that IBC is engaged in		

The information in 13 relate to Exempted Limited Partnerships

13. Number/ Percentage of Exempted Limited Partnerships examined: #  %

Please inquire whether the following documents are on file for each Exempted Limited Partnership examined. Also, indicate the number of Exempted Limited Partnerships examined that have the required information on file and the number of Exempted Limited Partnerships examined that did not have the required information on file –

Information Required	Number of Exempted Limited Partnerships <u>with</u> information on file	Number of Exempted Limited Partnerships <u>without</u> information on file
Instructing client's principal place of business		
Instructing client's business address		
Instructing client's telephone		
Instructing client's facsimile		
Instructing client's electronic address		
Names and addresses of the partners in the Exempted Limited Partnership		
Activity that Exempted Limited Partnership is engaged in		

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**- REMINDER -**

***IF THE FCSP HAS FACILITIES THROUGH WHICH CLIENTS MAY CONDUCT FINANCIAL TRANSACTIONS, PLEASE COMPLETE SECTION II***

***IF THE FCSP HAS NO FACILITIES THROUGH WHICH CLIENTS MAY CONDUCT FINANCIAL TRANSACTIONS, PARTS III-VI OF SECTION II SHOULD NOT BE COMPLETED.***

***THE EXAMINER SHALL INDICATE THAT NO FINANCIAL TRANSACTIONS WERE CONDUCTED UNDER GENERAL COMMENTS ON PAGE 10 OF THIS FORM. IN ADDITION, AN AUTHORIZED SENIOR STAFF MEMBER OF THE ORGANIZATION SHALL SIGN IN THE SPACE PROVIDED ON PAGE 10 OF THIS FORM TO CERTIFY THAT THE FCSP HAS NOT CONDUCTED ANY FINANCIAL TRANSACTIONS FOR THE CURRENT EXAMINATION PERIOD.***

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## SECTION II

### THE FINANCIAL TRANSACTIONS REPORTING ACT, CHAPTER 368 AND THE ANTI-TERRORISM ACT, Chapter 107

#### PART III: RISK-BASED CUSTOMER VERIFICATION PROCEDURES AND RECORDS

Points Scored  
(for Commission  
use only)

14. Are there policies and procedures that categorize facilities into “high” or “low” risk for money laundering showing the criteria used for such categorization?

Yes  No

***If the answer to Question 14 above is “No”, the examiner should not proceed with the examination. The financial institution should categorize its facilities into either “high” or “low” risk for money laundering.***

15. Total number of facilities on record

- Number of high risk facilities
- Number of low risk facilities

16. Total number of facilities examined<sup>2</sup>

- Number of high risk facilities
- Number of low risk facilities

17. Has each facility holder for the facilities examined been verified in compliance with the financial institution’s policies and procedures for customer verification?

Yes  No

14.

17.

<sup>2</sup> The sample of facilities examined should only be taken from financial transactions conducted within the last five years.

	Points Scored (for Commission use only)
<p>18. What number and percentage of facilities examined <u>did not</u> comply with question 17?</p> <p># <input type="text"/> % <input type="text"/></p>	<p>18.</p> <p>_____</p>
<p>19. Please indicate how many large cash transactions<sup>3</sup> have been conducted by a facility holder or a <u>non-facility holder</u> during the current examination period.</p> <p style="text-align: right;"><input type="text"/></p>	
<p>20. What percentage of transactions identified in question 19 were verified in accordance with the financial institution's AML/CFT policies and procedures?</p> <p style="text-align: right;"><input type="text"/></p>	<p>20.</p> <p>_____</p>
<p>21. What percentage of transactions identified in question 19 relied upon confirmation letters that verification had been carried out by another financial institution?</p> <p style="text-align: right;"><input type="text"/></p>	
<p><b>PART IV:</b></p> <p><b>TRANSACTIONS RECORD KEEPING PROCEDURES</b></p>	
<p>22. What is the aggregate number and percentage of the facilities examined that <u>did not</u> have all transaction records as required by Section 23 of the FTRA?</p> <p># <input type="text"/> % <input type="text"/></p>	<p>22.</p> <p>_____</p>

<sup>3</sup> A **large cash transaction** refers to any cash transaction in excess of \$15,000 (see Definitions on page 11).  
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<b>PART V: SUSPICIOUS TRANSACTIONS REPORTING PROCEDURES</b>		<b>Points Scored</b> (for Commission use only)
<p><b>23.</b> Name of Money Laundering Reporting Officer (MLRO) _____</p>	<b>23.</b>	_____
<p><b>24.</b> Has he/she confirmed that he/she is aware of his/her responsibilities under the FI(TR)R, Chapter 367?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>	<b>24.</b>	_____
<p><b>25.</b> Is the MLRO registered with the FIU? Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>If "Yes", what is the date of registration? _____</p>	<b>25.</b>	_____
<p><b>26.</b> Name of Compliance Officer, if different from MLRO? _____</p>		
<p><b>27.</b> Has the Compliance Officer confirmed that he/she is aware of his/her responsibilities under the FI(TR)R, Chapter 367?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>	<b>27.</b>	_____
<p><b>28.</b> How many suspicious transactions reports have been made to the MLRO during this examination period<sup>4</sup>?</p> <p style="text-align: right;"><input type="text"/></p>		

<sup>4</sup> The examination period should begin at the date of the financial institution's last AML/CFT exam through the date of the current examination.

	<b>Points Scored</b> (for Commission use only)
<p><b>29.</b> How many suspicious transactions reports have been made to the FIU during this current examination period?</p> <p style="text-align: right;"><input type="text"/></p>	

**PART VI:**  
**TRAINING AND STAFF AWARENESS PROCEDURES**

<p><b>30.</b> Is there a policy manual for AML/CFT staff training?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>If "Yes", please attach a copy of the manual.</p>	<p><b>30.</b></p> <p>_____</p>
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<p><b>31.</b> Has any staff participated in AML/CFT training sessions conducted either locally or abroad during the examination period?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>If "Yes", please attach list of the venue(s), participant(s) and date(s) in Part VI General Comments.</p>	<p><b>31.</b></p> <p>_____</p>
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<p><b>32.</b> Do the FIU 2007 Guidelines and the Compliance Commission's most current Code of Practice form part of the AML/CFT training and awareness procedures for staff?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>	<p><b>32.</b></p> <p>_____</p>
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<p><b>33.</b> Do internal AML/CFT compliance reviews take place?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>	<p><b>33.</b></p> <p>_____</p>
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## DEFINITION TERMS

**The terms are defined for the purposes of this Examination as follows:**

**“AML”** refers to anti-money laundering

**“Cash”** refers to coins, paper money, travelers’ cheques, postal money orders and other similar bearer type negotiable instruments

**“CFT”** means combating the financing of terrorism

**“Facility”** is any account or arrangement that is provided by a FCSP to a client by, through or with which the client may conduct two or more transactions whether or not they are so used. A facility in the case of a FCSP is essentially any of those services that would qualify him to be a financial institution. It also specifically includes provision of facilities for safe custody, such as safety deposit boxes.

**“Facility Holder”** refers to the client and any person who is authorized to issue instructions in relation to how transactions should be conducted through a facility, provided by the financial & corporate service provider

**“Financial Intermediary Services”** are those services where the FCSP facilitates the movement of funds into, out of and around the financial system and includes being a signatory on the client’s bank account irrespective of the location of the account or the location of the other signatories to the account

**“Large Cash Transaction”** refers to any cash transaction in excess of \$15,000 that is conducted by a facility holder or a non-facility holder; in relation to any facility held by a FCSP. Examples of this may be where;

- a facility holder pays a sum in cash in excess of \$15,000 to the FCSP to be applied for the benefit of himself or
- where a facility holder pays a sum in cash in excess of \$15,000 to the FCSP to be applied for the benefit of a non-facility holder or
- where a facility holder pays a sum in cash in excess of \$15,000 to the FCSP to be applied for the benefit of another facility holder or
- where a non-facility holder pays a sum in cash in excess of \$15,000 to the FCSP to be applied for the benefit of a facility holder.

**“ML/TF”** means Money Laundering and Terrorist Financing

**“FCSP”** refers to a licensed Financial and Corporate Service Provider

**“FCSPA”** refers to the Financial and Corporate Service Providers Act, Chapter 369

**“FTRA”** refers to the Financial Transactions Reporting Act Chapter 368

**“FTRR”** refers to the Financial Transactions Reporting Regulations, Chapter 368

**“FIU”** refers to the Financial Intelligence Unit

**“FI(TR)R”** refers to the Financial Intelligence (Transactions Reporting) Regulations, Chapter 367

**“Transaction”** refers to any deposit, withdrawal, exchange or transfer of funds in cash, by cheque, payment order or other instrument, and includes electronic transmissions of funds.

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**THE SECURITIES COMMISSION**  
**Inspection Unit**

**SAMPLING GUIDE**

This guide is for the specific use of examiners performing AML/CFT examinations on behalf of the SECURITIES Commission.

The examiner should use this guide to determine the number of facilities that should be examined during the examination, given the total number of post 1<sup>st</sup> January, 2001 facilities managed by the financial institution.

# OF FACILITIES	PERCENTAGE	MINIMUM/ MAXIMUM NUMBER EXAMINED
1-50	30%	3 / 15
51-100	25%	12 / 25
101-200	20%	20 / 40
201-300	15%	30 / 45
301-500	10%	31 / 50
501-700	6%	35 / 49
701-1,000	6%	42 / 60
1,000-1,500	5%	50 / 75
1,501-2,000	4%	60 / 80
2,001-5,000	2%	40/100
5,001-10,000	1%	50/100
10,001-25,000	.5%	50/125
>25,000	.25%	*