

International Priorities & Initiatives

Industry Briefing

27 March 2025 Baha Mar Convention Center Grand Hyatt, Baha Mar



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Moderated Q & A with the Attorney General

Participants:

- The Hon. L. Ryan Pinder, K.C., Attorney General & Minister of Legal Affairs
- Samuel Campbell, Jr., Assistant Manager, Office of the Executive Director



COMMON REPORTING STANDARD

ADRIANNA KNOWLES-RAHMING Senior Counsel Ministry of Finance 27 March, 2025

BACKGROUND

- ➤ The Common Reporting Standard and Due Diligence procedures were devised and approved by the Organization for Economic Cooperation and Development ("the OECD") on 1 July, 2014.
- The Bahamas committed to the implementation of the Organisation for Economic Co-operation and Development's ("OECD's") Common Reporting Standard ('CRS") in relation to the Automatic Exchange of Financial Account Information ("AEOI") in 2015.

LEGISLATIVE FRAMEWORK

- ➤ Multilateral Competent Authority Agreement for the CRS in December 2017.
- ➤ The Bahamas signed the Convention on Mutual Administrative Assistance in Tax Matters ("the MAC") on the 15 December 2017 at the OECD headquarters in Paris, France.
- ➤ Automatic Exchange of Financial Account Information Act, 2016.
- ➤ Automatic Exchange of Financial Account Information Regulations, 2017.
- ➤ Automatic Exchange of Financial Account Information Guidance Notes.

2ND ROUND OF EFFECTIVENESS REVIEW

- ▶2nd round of effectiveness review for the OECD and Global Forum's Transparency and Exchange of Information for Tax Purposes Common Reporting Standard Automatic Exchange of Information ("CRS AEOI standards") during the year 2025.
- Completion date at the end 2026.
- Adoption and publication of the peer review report of The Bahamas with a new rating.

VIRTUAL MOCK ONSITE VISIT

- ➤ Virtual mock on site visit scheduled for the Monday 5th and Tuesday 6th May, 2025.
- ➤ Discussion with the Competent Authority, Regulators and Financial Services Industry Representatives.
- Collaboration and Co-Operation of Financial Service Industry Representatives.

CRS FINANCIAL INSTITUTION REPRESENTATIVE

- ➤ Depository Institutions
- **≻**Custodial Institutions
- ➤ Specified Insurance Companies
- ➤ Investment Entities type a) (e.g. investment advisors, fund managers, etc.)
- ➤Investment Entities type b) (e.g. professionally managed funds)

DISCUSSION TOPICS

- Experiences, practices and challenges in implementing the requirements
- > Reflections on the jurisdiction's approach to implementation
- ➤ Particular challenges faced and any response to these challenges
- ➤ Preventing circumvention
- >Excluded Accounts
- Engagement with the tax authority with respect to the CRS, including communication channels, outreach and implementation

ACTUAL ONSITE VISIT

Assessment Days

- ➤ Tuesday 15 July, 2025;
- >Wednesday 16 July, 2025; and
- Thursday 17 July, 2025.
- Assessors would be coming to The Bahamas to speak with the Competent Authority, Regulators and you as Financial Services Industry Representatives.

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AMENDMENTS TO THE CRS

Amendments to the CRS cover three main topics:

- (i) the inclusion of digital money products;
- (ii) enhanced reporting requirements on Reporting Financial Institutions; and
- (iii) the incorporation of further clarifications on terms and due diligence obligations.

PARTICIPATING JURISDICTIONS

All jurisdictions, including The Bahamas, that have implemented or that will implement the AEOI Standard must implement the amended CRS.

- ➤ AEOI Standard will be less effective
- >more costly to implement
- **≻**loopholes

EXCHANGE YEAR

The Global Forum has identified 2027 as the common and generally expected first exchange year under the amended CRS.

>Jurisdictions, including The Bahamas, are therefore generally expected to commence exchanges under the amended CRS in 2027.

AMENDED CRS REQUIREMENTS

- Amendments to the legal framework to implement the amendments to the CRS taking effect from 1 January 2026;
- ➤ New CRS XML Schema to be implemented in time for 2027 exchanges; and
- Declaration to the Addendum to the CRS Multilateral Competent Authority Agreement (CRS MCAA) to be signed and subsequently activated.

EXCEPTIONAL CIRCUMSTANCES

- ➤ Deposit a notification under the Addendum to the CRS MCAA;
- ➤ Requesting that its exchange partners agree to continue to exchange information collected under the original CRS;
- > Three (3) years, the so-called "transitional period".

LEGISLATIVE FRAMEWORK

- Amendments to the legal framework to implement the amendments to the CRS;
- The Bahamas would deposit a notification under the Addendum to the CRS MCAA requesting that its exchange partners agree to continue to exchange information collected under the original CRS;
- ➤ Three (3) years, the so-called "transitional period";
- ➤an initial exchange year under the amended CRS in 2030.

COMMON REPORTING STANDARD

THE END

&

THANK YOU



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Crypto Asset Reporting Framework (CARF)

Lesley Pearson Head of Internal Audit Securities Commission of The Bahamas

Crypto Asset Reporting Framework (CARF)

BACKGROUND

 Due to rapid growth of the crypto-asset market, the international community has sought to ensure that recent gains in global tax transparency brought about by AEOI will not be eroded.

MANDATE

- Establish a process for jurisdictions to commit to implement CARF
- Establish appropriate implementation timelines for the CARF
- Establish the process and criteria to identify "Relevant Jurisdictions" with respect to CARF
- Identify appropriate mechanisms to monitor the delivery of the commitments once made
- Provide a forum for discussions on the implementation of the CARF in order to raise awareness and understanding of the CARF, as well as facilitate the dissemination of information and materials to the wider Global Forum Membership



- CARF vs. CRS
 - Standalone framework from CRS
 - CARF characterised by a scope of coverage (i.e. crypto assets, which are not treated the same across jurisdictions as well as reporting requirements (i.e. transaction-based reporting) distinct from CRS

- CARF Commitment Process
 - Political Commitment
- Jurisdiction of Relevance
 - CARF identified 52 jurisdictions of relevance (JoR)
 - Reporting Crypto Asset Service Provider (RCASP)
- Readiness / Next Steps





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CRS and CARF Moderated Q & A

Participants:

- Adrianna Knowles-Rahming, Senior Counsel, Legal & Regulatory Unit, Ministry of Flnance
- Lesley Pearson, Head of Internal Audit
- Lamysha Cox, Legal Counsel



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Industry Briefing

Insights on the National Risk Assessment

Tammi Butler
Deputy Manager, Policy and Research Unit
Securities Commission of The Bahamas

Outline

Overview

SECURITIES COMMISSION OF THE BAHAMAS

- Summary of Process (Methodology)
- Results
 - Securities Sector
 - Investment Funds Sector
 - Financial and Corporate Service Providers
- Action Plan Overview

Responsibilities

The SCB completed the risk analyses for the:

- Securities sector
- Investment funds sector
- Financial and corporate service providers.



Securities Sector

167

Registered Firms Marketplaces Clearing Facilities



Investment Funds Sector

43

Restricted Fund Administrator Unrestricted Fund Administrator



Financial & Corporate Service Providers

246

Financial Service Providers
Corporate Service Providers



Summary of Process



SCB's Methodology

- 1. Tool Used: World Bank's National Money Laundering Risk Assessment Toolkit
 - Modules:
 - Module 4 Securities Sector
 - Module 6 Other Financial Sectors Vulnerability
 - Module 7 Non-financial Sectors Vulnerability

2. Data Collection

- Existing data from the SCB's database
- Survey distribution
- 3. Generation of Tool Outputs
- 4. Interpretation of Tool Outputs with Added Context

Results

Securities Sector

General Considerations:

- The size of the firms
- The complexity of the portfolios managed
- The use of legal persons and arrangements
- Client base profile
- Mitigation efforts by the SCB and firms

Inherent Vulnerability: Medium-High

Overall ML Risk: Medium

Investment Funds Sector

General considerations:

- The size, complexity, and volume of funds
- The use of legal persons and arrangements
- Cross-border delivery channels
- Client base profile

Inherent Vulnerability

RFA: Medium-High

UFA: High

Total Sector: High

Overall ML Risk

RFA: Medium

UFA: Medium-High

Total Sector: Medium-High

Financial and Corporate Service Providers

General considerations:

- Types of activities conducted by the firms
- Client base profile
- Transaction volumes
- Use of legal persons and arrangements

Inherent Vulnerability

FSP: Medium-High

CSP: High

Total Sector: High

Overall ML Risk

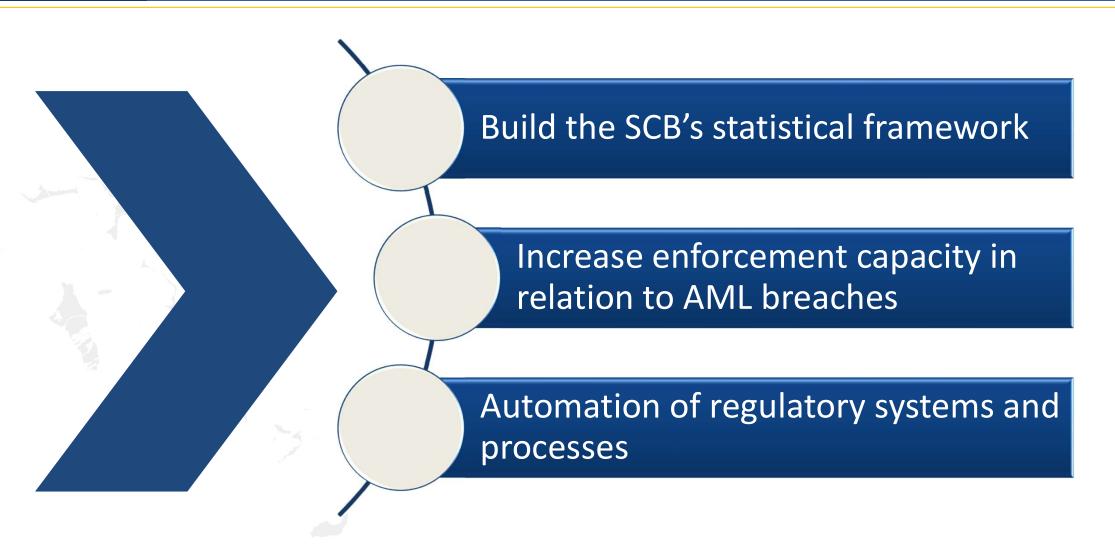
FSP: Medium

CSP: Medium-High

Total Sector: Medium-High

Mitigation efforts refer to the quality of AML controls and include:

- Extensiveness of legal framework
- Supervisory and enforcement efforts
- Entry controls of firms and clients





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2025 Preparedness Initiatives & Industry Readiness 27 March 2025 Baha Mar Convention Centre

Christina Rolle
Executive Director
Securities Commission of The Bahamas

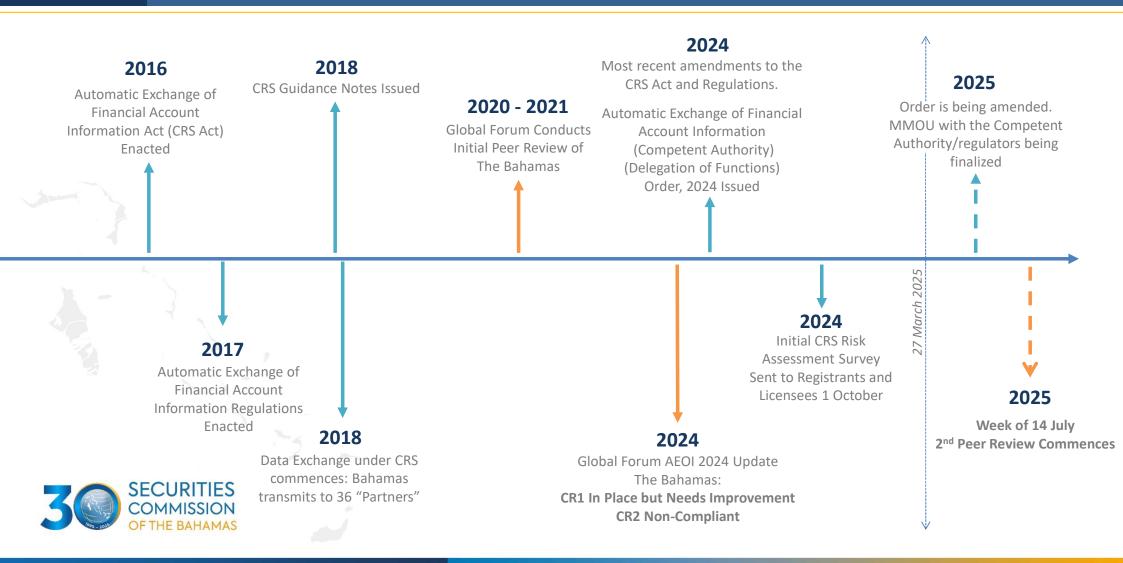


Global Forum Peer Review on Automatic Exchange of Financial Account Information (AEOI) Overall determination on the legal framework: In Place But Needs Improvement

Review o	of the AEOI Legal frai	neworks	Initial Review of effectiveness in practice of AEOI							
CR1 Domestic Legal Framework	CR2 International Legal Framework	Overall Determination	CR 1 (Domestic information collection and reporting)	CR2 (International information exchange)	Overall rating					
In Place But Needs Improvement	In Place	In Place But Needs Improvement	Non-Compliant	On Track	Non-Compliant					

Source: Peer Review of the Automatic Exchange of Account Information 2024 Update, OECD

CRS Timeline Overview



CRS Recent and Upcoming activities

Legislation

- Automatic Exchange of Financial Account Information Act, 2016 (Amended 2017, 2019, 2022 and 2024) (CRS Act) and Automatic Exchange of Financial Account Information Regulations, 2017 (CRS Regulations) (Amended 2017, 2019, 2020 and 2024)
- Guidance Notes on the Common Reporting Standard for Automatic Exchange of Financial Account Information in Tax Matters (3 August 2018, last updated 21 June 2024).
- Automatic Exchange of Financial Account Information (Competent Authority)(Delegated Functions) Order, 2024
- AEOI (Competent Authority)(Delegated Functions) Order is being amended
 - Financial regulators will be delegated the necessary enforcement power and authority from the Competent Authority
 - Fees will go to the Consolidated Fund
 - Multilateral MOU terms/protocols being finalised
- > Financial regulators working with KPMG to help establish a framework for the new responsibilities
 - Regulatory policies and procedures
 - Develop additional surveys, thematic reviews
 - Support data-based demonstration of effectiveness.



Registrants and licensees should expect:

- > A CRS specific risk assessment
- > Examinations will focus on compliance with CRS Anticipate a deeper dive into CRS compliance, particularly for reportable entities and their verification processes
- Training





Caribbean Financial Action Task Force (CFATF) 5th Round of Mutual Evaluation (2025-2026)

Status: 40 Recommendations rated Compliant (18) or Largely Compliant (22)

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

Source: Anti-money laundering and counter-terrorist financing measures, 5th Enhanced Follow-Up Report & Technical Compliance Re-Rating, December 2022

- > Technical Compliance Questionnaire (TCQ) and supporting documentation due March 2026
- Onsite visit September 2026

CFATF Readiness



- Registrants/licensees will be selected to participate in the review
 Strong compliance record, strong procedures and processes, suitable size of operations
- Assessors Focus will be on high-risk activities or parties and related procedures
 - Digital assets and digital assets business
 - International Business Companies activities
 - Politically Exposed Persons and enhanced due diligence procedures
 - Implementation of the Travel Rule
 - Enforcement penalties, criminal actions brought, forfeiture and seizure of assets
- Streamlining of UNSCR reporting requirements, with new framework effective 1 March 2025
 - Nil reporting has been removed
 - Only positive hits are reportable
 - Quarterly reporting requirement removed
 - All financial regulators will use the same form

CFATF Readiness



Over the next 12 months:

Data gathering - Compiling statistics so demonstrate effectiveness of AML/CFT/CPF Regime:

- Regulators have a comprehensive understanding of the regulated activities
- Our regulatory constituents understand their obligations re AML/CFT/CPF and are compliant
- Statistics on breeches, penalties and sanctions, other enforcement activity
- Registrants/licensees should expect:
 - Surveys including a focus on gaining insight into IBC activities
 - Risk Assessments
 - Desk-based/Thematic Reviews (We expect 100% compliance)
 - Examinations will focus on AML/CFT/CPF compliance, particularly in high-risk areas
 - Penalties will be levied for 2024 and 2025
 - Enhanced compliance and sanctions tracking and reporting
- > Technical Training for selected participants to be conducted in October



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