



THE COMPLIANCE COMMISSION

OAS - Mechanism for Follow-Up on the Implementation of the Inter-American Convention
against Corruption (MESICIC)



Establishment & Objectives

The Compliance Commission (“The Commission”) is established by Section 39 of the Financial Transactions Reporting Act, Chapter 368 (the FTTRA) as the Anti-Money Laundering Supervisory Authority for non-traditional financial institutions and commenced its operation on 1st January, 2001.

The Commission has a two-fold mandate which are embodied in Section 43 of the FTTRA and requires the Commission to:

- (a) maintain a general review of financial institutions and their transactions to ensure that they operate within the framework of the law; and
- (b) when deemed necessary, to conduct on-site examinations of the business of financial institutions for the purpose of ensuring compliance, at the expense of the financial institution. The Commission is authorized to appoint an Auditor to conduct such examination as its agent and to report thereon to the Commission.



Supervised Financial Institutions

The Compliance has Anti-Money Laundering oversight of designated Lawyers, Accountants, Real Estate Brokers, Credit Unions and three (3) Government Agencies namely- the Bahamas Development Bank, the Bahamas Mortgage Corporation and the Post Office Savings Banks.

During its early existence (for more than a decade), the Commission was also responsible for the Insurance Industry and Financial & Corporate Service Providers.

The total number of financial institutions supervised by the Commission exceeds twelve hundred (1200).

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Functions of the Commission

The core function of the Commission in fulfilling its Anti-Money Laundering mandate is On-Site Examinations.

There are four (4) types of On-Site Examinations- Routine, Follow-up, Random and Special (Investigative).

The Routine Examinations are conducted by independent auditors appointed by the Commission to act as its Agents. A Letter of Appointment is used for this protocol which supplements work done by staff of the Commission.

All other examinations are conducted by the Commission.

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Functions of the Commission

The Anti-Money Laundering oversight of the Commission follows a **Risk-Based Approach**.

On-Site Examinations are designed to assess the level of compliance with local, regional & global Anti-Money Laundering standards. The areas covered are:

1. Customer Verification Procedures;
2. Maintenance of Transactions Procedures
3. Suspicious Transactions Reporting Procedures
4. Staff Anti-Money Laundering Training Procedures &
5. Appointment of a Money Laundering Reporting Officer.

Functions of the Commission

The Commission has established an intensive registration process for the professions & industry it supervises.

This is critical since the Commission does not license the financial institutions within its remit.

Another critical function of the Commission is Public Relations & Training programmes. Anti-Money Laundering training is provided for and by staff of the Commission.



Autonomy, Oversight & Operations

The Commission is an autonomous body, and, like all financial service regulatory agencies in The Bahamas, falls within the portfolio of the Minister of Finance.

The Commission is headed by three (3) Commissioners appointed by the Governor-General. One of the Commissioners is designated as Chairman of the Commission.

The daily administrative functions and operations of the Commission are overseen by the Commission's Inspector who serves as its Administrative Head.



The Group of Financial Services Regulators

The Group of Financial Services Regulators (GFSR) is a robust coordination body established in The Bahamas for financial services regulators. The Commission has been an active member of the GFSR since its inception.

The primary purpose of the GFSR is to establish and maintain close collaboration and coordination among financial service regulators as it relates to:

- ❖ fitness & propriety for individuals and businesses in the sector,
- ❖ joint inspections, and
- ❖ overall stability of the sector.

Although each regulatory body has its own protocols for addressing matters of non-compliance, the GFSR considers those matters which require a collaborative approach such as joint sanctioning and disciplinary actions. The aim is to avoid regulatory arbitrage as many local financial institutions are regulated by multiple Regulatory Agencies.

The GFSR is currently chaired by the Governor of the Central Bank of The Bahamas and convenes regular meetings.

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National Anti-Money Laundering Task Force

The Commission is a member of the National Anti-Money Laundering Task Force (Task Force). This body is led by the Attorney-General and meets fortnightly.

The Attorney-General is currently the Chair of the Caribbean Financial Action Task Force and is responsible for matters related to maintaining a robust Anti-Money Laundering regime.

The primary (and immediate) mandate of the Task Force is to prepare The Bahamas for a Mutual Evaluation by the Caribbean Financial Action Task Force and subsequent assessments of the financial services sector.

Recruitment, Staffing & Staff Discipline

All staff of the Commission are employed by the Ministry of Finance and subsequently assigned to the Commission. These persons are permanent employees of the Government of The Bahamas and enjoy the rights and privileges of such Public Officers.

The Inspector plays a role in the recruitment of prospects and helps to determine their suitability.

All disciplinary actions, including suspension and termination, are conducted by the Ministry of Finance upon the recommendation of the Inspector and/ or the Commissioners.



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Human Resources Matters

The Inspector determines all resources needed for the proper functioning of the Commission. This includes the manpower requirements.

All employees of the Commission enjoy a comprehensive career path which is merit-based and transparent. Most of the staff have attained certification in Anti-Money Laundering.

There are specific minimum academic requirements and/ or relevant experience for each position within the Commission which determines the salaries and other benefits one is offered.



Procedures & Manuals

The Commission's operations are governed by an Operating Policies & Procedures manual.

This manual incorporates specific protocols for each task that the Commission is mandated to perform.

Each employee of the Commission has a job description which clearly outlines the specific tasks assigned to him/ her.

All employees are expected to avail themselves of relevant training on an annual basis to facilitate their assigned tasks.



Public Relations and Training

The Commission begins each year with a Work Programme and a series of Consultative Meetings with its industry leaders.

The Commission places much emphasis on its Public Relations and Training programmes. Training sessions are organized for all relevant stakeholders. While some of the sessions are general in scope, most of them are industry-specific.

The Inspector of the Commission is regularly called upon to speak at various AML seminars both locally and abroad. In fact, the Inspector has facilitated workshops for Regulatory Authorities in Jamaica, British Virgin Islands and Barbados on the proper regulation of Designated Non-Financial Businesses & Professions.



Partnerships & Accountability

The Commission enjoys the full cooperation and support of other Regulatory Agencies, its regulated entities, the Policy-Makers and the general public in The Bahamas in meeting its statutory mandate.

While the Commission does fall within the portfolio of the Minister of Finance, it is able to perform its statutory duties without interference.

The Minister of Finance is not involved in the daily operations of the Commission.



Practices of the Commission

As an Anti-Money Laundering oversight body, the Commission does not directly examine matters of corruption. However, should any such matter be brought to the attention of the Commission (whether actual or perceived), it will be immediately referred to the relevant authorities.

To date, The Commission is not aware of any act of corruption by any of the Financial Institutions it supervises.



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Collaboration

Overall, there is close collaboration between the Commission and the Governing Bodies of it registrants. This ensures that Financial Institutions adhere to the highest ethical standards in the performance of their duties. The Governing Bodies are listed below:

- ❖ **The Bahamas Bar Association** (for the legal profession);
- ❖ **The Bahamas Institute of Chartered Accountants** (for the accounting profession);
- ❖ **The Bahamas Real Estate Association** (for the real estate industry); and
- ❖ **The Bahamas Cooperative Credit Union League Limited** (for Credit Unions)

All of the Bodies above are being encouraged to become Self-Regulatory Organizations at the earliest date.



Conclusion

- ❖ The Commission's mandate is Anti-Money Laundering;
- ❖ Oversight covers a diverse group of Financial Institutions
- ❖ The On-Site Examinations gauges level of Compliance;
- ❖ The Commission enjoys Operational Autonomy;
- ❖ Collaboration is foundational to the Commission's work;
- ❖ The Commission is not aware of any corrupt practices.