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PCC INDUSTRY BRIEFING

# New Sector Risk Assessments Sharpen AML and Private Wealth Expectations

**CLIENT BRIEFINGS | 15 OCTOBER 2026**
Review period: 9–15 October 2026
By L. Ryan Pinder K.C. | Pinder Commercial Chambers

Related practices: Financial Services Regulation | Private Client and Family Office | AML/CFT/CPF | Trusts and Estates | Digital Assets and FinTech | Investment Funds and Securities

Executive position. The Securities Commission has published sector risk assessments for digital assets, securities and both limbs of the FCSP sector, together with a detailed digital-asset supervision report. The findings make proliferation-financing coverage, beneficial-ownership evidence, board-approved risk assessments and defensible reporting decisions immediate governance priorities, especially for firms serving private wealth structures.

## Key developments

- **National CFT/CPF strategy:** The Bahamas' first dedicated CFT/CPF strategy for 2026–2029 asks supervised financial institutions to review and, where appropriate, update their risk assessments, policies and procedures.
- **Digital assets:** SCB rates the sector **Medium-High** and reports 82 findings from 16 thematic AML/CFT/CPF examinations, plus eight Travel Rule breaches across three registrants.
- **Corporate and trust services:** SCB rates the segment **Medium-High**. Only 57% of provider risk assessments expressly covered proliferation financing, while dormant or holding structures and introduced business remain supervisory concerns.
- **Securities:** SCB also rates the securities sector **Medium-High**, citing its scale, cross-border reach, remote onboarding and concentration. The financial-services limb of the FCSP sector is rated **Medium**.
- **Governance:** The reports do not create new offences or amend legislation, but they provide a clear evidence base for risk-based examinations and board challenge.

## 1. National CFT/CPF strategy sets the supervisory direction

| STATUS | Government and regulator strategy published 9 October 2026; not new legislation |
|---|---|

The National CFT/CPF Risk Strategy 2026–2029 is informed by the 2024 terrorist-financing and 2025 proliferation-financing national risk assessments. It prioritises legal-framework updates, risk-based supervision, sanctions and enforcement capability, and stakeholder awareness. The Central Bank's publication notice expressly asks supervised financial institutions to understand the identified risks and update operational risk assessments, policies and procedures where appropriate.

**Why it matters.** The strategy is not itself a rule and does not override legislation. It does, however, signal the areas in which regulators will test effectiveness: express TF and PF risk assessment; sanctions controls; periodic risk-sensitive examinations; cross-border intelligence; and effective, proportionate enforcement. The strategy also confirms that the CFATF Fifth Round mutual evaluation is underway, with the report expected in May 2027.

**What to consider.** Boards and senior management should minute a documented comparison of the strategy against the firm's self-risk assessment, customer and product risks, sanctions controls, training and escalation arrangements. Any conclusion that no change is needed should be supported, not assumed.

## 2. Digital assets: supervision is moving from framework to tested outcomes

| STATUS | SCB supervisory reports published 9 October 2026; no new rule |
|---|---|

SCB's Digital Asset Supervision and Surveillance Report 2021–2026 reports 35 registered digital-asset firms as at 31 August 2026, of which 20 were active. At 31 December 2025, the sector reported approximately 2.16 million clients and US$33.65 billion in client assets, with more than 99.9% of both clients and assets foreign.

SCB completed 16 thematic AML/CFT/CPF examinations and five focused Travel Rule reviews in 2026, reaching 17 of the 20 active registrants. The thematic work produced 82 findings. The most common were deficient or late annual sanctions declarations, quarterly terrorist-property reports, customer risk ratings, CDD, ongoing monitoring and training. Travel Rule testing covered 1,831 transfers and identified eight breaches across three registrants.

The separate Digital Assets Sector Risk Assessment assigns a **Medium-High** sector rating. It identifies cross-border scale, remote delivery, unregistered overseas providers and the growth of DeFi interaction as continuing risks. Although weighted Travel Rule completeness was reported at 99%, only 81% of business risk assessments expressly covered proliferation financing.

**Why it matters and next steps.** The dominant weaknesses are not limited to illicit-flow detection. SCB is testing whether governance evidence, recurring filings, policy version control, custody and key-management procedures, proof-of-reserves, liquidity stress planning, and responses to forks, airdrops and network attacks work in practice. DARE boards should commission sample-based testing, close PF and sanctions-reporting gaps, approve digital-asset event procedures and document remediation. The existing **Q3 Travel Rule Compliance Return remains due 28 October 2026**.

## 3. FCSP and securities risk ratings raise the examination baseline

| STATUS | SCB sectoral risk assessments published 9 October 2026; supervisory evidence, not amendments to law |
|---|---|

SCB's assessments provide a comparative view of the regulated population:

| Sector | SCB rating | Principal drivers and control gaps |
|---|---|---|
| Digital assets | **Medium-High** | International and remote client base; cross-border speed; unregistered overseas providers; PF coverage absent from 19% of risk assessments. |
| Corporate and trust services | **Medium-High** | Complex legal persons and arrangements; 77% foreign clients; elevated PEP exposure; PF coverage present in only 57% of risk assessments. |
| Securities and fund administration | **Medium-High** | Approximately US$256.6 billion in client assets, US$45.6 billion fund NAV under administration, 86% foreign clients and remote onboarding; PF coverage present in 78% of risk assessments. |
| FCSP financial services | **Medium** | Primarily domestic client base but significant lending and payment activity; PF coverage present in 63% of risk assessments and source-of-funds controls remain a focus. |

The FCSP financial-services assessment and Securities Sector Risk Assessment reinforce SCB's expectation that each firm maintain a current, board-approved assessment covering money laundering, terrorist financing and proliferation financing; verify beneficial ownership before establishing relationships; calibrate monitoring to actual cross-border exposure; and be able to explain nil or unusually low suspicious-transaction reporting.

**What to consider.** FCSPs, securities firms and fund administrators should compare their own risk appetite and control testing against the published sector data. Firms whose metrics diverge materially from their peers should be ready to explain why. A risk rating is not a finding against an individual firm, but the published typologies are likely to influence examination scope and remediation expectations.

## 4. Family offices and private wealth

| STATUS | Supervisory implications of the new corporate and trust services assessment; no new family-office legislation |
|---|---|

The Corporate and Trust Services Risk Assessment is the week's principal private-wealth development. SCB rates the segment **Medium-High**. The assessed population included 251 providers administering about 27,700 entities and serving 29,232 direct clients, 77% of whom were foreign. Approximately 7,800 administered entities showed no apparent economic activity. The report records 876 PEP relationships, 97% self-reported beneficial-ownership completeness, 89% sanctions-screening coverage and 84 STRs over firms' last three reporting periods. Of 114 firms reporting no STRs, nine gave no explanation and were placed under follow-up.

**Effect on family structures.** A trust, foundation, private trust company, qualified executive entity or holding company is not high risk merely because it is used for private wealth. The assessment nevertheless indicates that service providers will be expected to evidence the structure's legitimate purpose, identify and verify all relevant beneficial owners and controllers, understand source of wealth and funds, screen PEP and sanctions exposure, and conduct their own due diligence on introduced business. Reliance on an introducer does not transfer regulatory responsibility.

**What family offices and advisers should consider.** Refresh the family structure chart and control map; reconcile settlor, founder, protector, trustee, council, appointor, beneficiary and underlying-company records; document the purpose of dormant or asset-holding entities; and assemble a consistent source-of-wealth narrative supported by primary evidence. Trustees and FCSPs should also ensure that their self-risk assessment expressly addresses PF and that files can be produced promptly during examination.

No consequential new measure was identified this week for family-office establishment policy, trusts, foundations, succession, immigration, permanent residence or work permits. The previously announced family-office programme and tax-residency certificate were not identified as enacted or open for applications. Detailed tax developments remain addressed in the separate PCC Tax Briefing.

## No-change confirmations

- **External insurance:** No consequential enacted measure, final external-insurance rule or enforcement outcome was identified for 9–15 October. The proposed replacement External Insurance Bill remains a proposal unless and until enacted and brought into force.
- **Commercial law and judgments:** No consequential new financial-services or private-wealth commercial enactment or reported judgment was identified in the dated court and legislative sweep.
- **Regulatory sandbox:** No application-cohort window or material change to the final Central Bank guidance reported in the previous edition was identified.
- **DARE and FCSP rulemaking:** No new final DARE or FCSP AML/CFT/CPF rule was identified. Consultation drafts should not be treated as operative law.

## What regulated firms, family offices and private clients should consider now

1. **Put the new sector findings before the board.** Record how the firm's risk assessment, resources and assurance plan compare with the relevant SCB report.
2. **Add express PF analysis.** Avoid relying on a generic AML reference; identify PF threats, exposure channels, sanctions controls and residual risk.
3. **Test reporting and evidence.** Reconcile recurring sanctions and terrorist-property reports, Travel Rule data, BO verification, customer reviews and STR decisions to source records.
4. **Explain dormant and introduced structures.** Document legitimate purpose and control, and independently verify the client and beneficial ownership.
5. **Prepare for risk-based examination.** Preserve policy approval, version history, testing results, exceptions, remediation owners and closure evidence.

## Priority dates

| Date | Action or milestone |
|---|---|
| **Immediate** | Compare the National CFT/CPF Strategy and relevant SCB sector assessment with the firm's board-approved self-risk assessment and control plan. |
| **19–30 October 2026** | Scheduled CFATF Fifth Round on-site evaluation; this is a jurisdictional supervisory milestone, not a private filing deadline. |
| **28 October 2026** | DARE registrants: Q3 Travel Rule Compliance Return due under the existing SCB notice. |
| **May 2027** | Target publication period stated for The Bahamas' CFATF Fifth Round mutual evaluation report. |

## Primary sources and further reading

1. The Bahamas, National CFT/CPF Risk Strategy 2026–2029.
2. Central Bank publication notice, 9 October 2026.
3. SCB Digital Asset Supervision and Surveillance Report 2021–2026.
4. SCB Digital Assets Sector Risk Assessment.
5. SCB Corporate and Trust Services Risk Assessment.
6. SCB FCSP Financial Services Risk Assessment.
7. SCB Securities Sector Risk Assessment.
8. SCB Travel Rule notice and return deadlines.

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