

# The Central Bank of The Bahamas

## GUIDANCE NOTICE

### Re: RELIANCE ON THIRD PARTIES TO CONDUCT KYC ON CUSTOMERS

#### RELIANCE ON THIRD PARTIES TO CONDUCT KYC ON CUSTOMERS

The Central Bank of The Bahamas (“the Bank”) has received representation from trade associations and individual licensees regarding the Bank’s requirement for licensees to obtain clear and legible copies of all KYC documentation from third parties (“eligible introducers”) within 30 days of receiving written confirmation from the eligible introducer that they (the eligible introducer) have completed customer due diligence on an underlying client. The Bank has been asked to consider waiving the “30-day rule” where the eligible introducer is a member of a licensee’s financial group and where a licensee provides company incorporation or registered agent/office services to the eligible introducer for the benefit of its underlying client. In these circumstances, copies of the KYC documentation would be provided to licensees upon request, for example, for onward transmission to the Central Bank or more generally where regulators or law enforcement are conducting investigations. Industry representatives are seeking this waiver on the basis that company incorporation and the provision of registered agent/office services are not “facilities” as defined by the Financial Transaction Reporting Act, 2000 (“FTRA”).

Following consultations with industry representatives, the Bank advises all licensees that the application of the “30 day rule” may be waived **only** where licensees provide company incorporation or registered agent/office services to eligible introducers, subject to the following conditions:

(i) Eligible introducers are limited to the following financial institutions as listed in paragraphs 122.1 and 122.2 of the Bank’s Guidelines for Licensees on the Prevention of Money Laundering & Countering the Financing of Terrorism:

- banks and trust companies;
- life assurance companies;
- broker dealers;
- investment fund administrators;
- operators of investment funds; or

- foreign financial institutions located in countries listed in the First Schedule of the FTRA which exercise functions equivalent to those to the local institutions listed above.
- (ii) The eligible introducer, for whom such services are provided, must be part of the licensee's financial group and be located in a country listed in the First Schedule of the FTRA (for convenience a copy of the current list is annexed to this note).
- (iii) In such cases, eligible introducers must provide written confirmation that they have conducted due diligence on the underlying client.
- (iv) Eligible introducers must agree to provide KYC documentation to the licensee within 3 days of a request for the same.

Furthermore, licensees who incorporate international business companies and provide registered agent/office services must comply with the due diligence requirements of the International Business Companies Act, 2000 to maintain a shareholders' register for companies that they incorporate.

Any questions regarding this guidance note should be directed to:

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Bank Supervision Department  
The Central Bank of The Bahamas  
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January 30, 2007

## ANNEX

### FIRST SCHEDULE COUNTRIES

There are 33 countries listed under the First Schedule of the Financial Transactions Reporting Act, 2000 (FTRA). These countries, often referred to as “*First Schedule Countries*”, are listed below.

1. Australia
2. Barbados
3. Belgium
4. Bermuda
5. Brazil
6. Canada
7. Cayman Islands
8. Channel Islands
9. Denmark
10. Finland
11. France
12. Germany
13. Gibraltar
14. Greece
15. Hong Kong SAR
16. Ireland
17. Isle of Man
18. Italy
19. Japan
20. Liechtenstein
21. Luxembourg
22. Malta
23. Netherlands
24. New Zealand
25. Norway
26. Panama
27. Portugal
28. Singapore
29. Spain
30. Sweden
31. Switzerland
32. United Kingdom
33. United States of America