

18 July 2023

Re: Bermuda National Risk Assessment, 2020

Dear Compliance Officers,

The Financial Action Task Force, "FATF" requires that countries shall conduct a meaningful National AML/ATF Risk Assessment on a regular basis. Such Risk Assessments are useful for the authorities, and the other institutions, (eg FIs and DNFBPs), so that all relevant parties understand and mitigate material money laundering and terrorist financing risks.

According to FATF, "*Understanding the money laundering and terrorist financing risks is an essential part of developing and implementing a national anti-money laundering / countering the financing of terrorism (AML/CFT) regime.*"

"A risk assessment allows countries to identify, assess and understand its money laundering and terrorist financing risks. Once these risks are properly understood, countries can apply AML/CFT measures that correspond to the level of risk, in other words: the risk-based approach (RBA). The risk-based approach, which is central to the FATF Recommendations, enables countries to prioritize their resources and allocate them efficiently."

You would be aware that Bermuda conducted a National Risk Assessment with respect to our AML/ATF regime.

To this end, please see attached a copy of the latest Bermuda National Risk Assessment, 2020.

This Report is part of Bermuda's ongoing AML/ATF regulatory regime developments, with ML/TF risk assessments and subsequent reporting taking place roughly on a 3–4-year cycle.

The Report acts as a reference document, showing how Bermuda addressed its last round of AML/ATF regulatory changes.

The Report shows that Bermuda's national ML threat rating was raised to High from the 2017 rating of Medium-High. This reflected our deeper analysis and understanding of Bermuda's potential ML risks using a wider range of data and information available for the 2020 NRA, rather than any major changes in the threat profile. It also reflected the continued enhancement of expertise and experience of Bermudian authorities gained with each cycle of assessments over the years.

Government institutions and the private sector can use the information in the National Risk Assessment as a resource, to inform ongoing good governance and modifications to their AML/ATF Compliance regimes.

Please carefully review the attached, paying particular attention to the chapters relating to both the legal and accounting sectors.

Should you have any questions concerning this, please contact our Supervisor, Kim Wilson on

kwilson@amlatfboard.bm.

Yours faithfully



Michael M. Fahy
Chairman