

FOR IMMEDIATE RELEASE
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**BFSB Q&A Relating To
The Bahamas' Agreement With The OECD**

1) Why has this agreement been signed?

In agreeing this commitment The Bahamas signals its intention to meet broadly supported international standards for the conduct of cross-border financial services. The global landscape for the provision of international financial services is evolving and Bahamas is determined to play a role in shaping the new standards. Implementation of proposals by Bahamas is conditional on the implementation of equivalent rules by OECD countries and all countries with which The Bahamas competes materially in the provision of cross border financial services.

2) What is the Agreement about?

The OECD Harmful Tax Practices initiative seeks transparency and exchange of information, on request, for tax purposes. The OECD proposes mechanisms and deadlines for achievement of these objectives, including that accounts be maintained for certain entities within a jurisdiction by 2003, that information relating to criminal tax offences be exchanged by 2004, and that information relating to civil tax defaults be exchanged by 2006.

The Bahamas has conditioned its agreement subject to the establishment of a level playing field.

3) What has The Bahamas agreed to do?

The Bahamas has agreed to work with the OECD in shaping and implementing rules to achieve information exchange and transparency. The Agreement provides for a level playing field to be established amongst all members of the OECD and other countries with which the Bahamas competes materially in the provision of cross border financial services. Competitors, including countries such as Switzerland, Hong Kong, Singapore, and various states within the U.S., must agree to meet similar standards and timelines before The Bahamas proceeds with changes that affect our institutions and their clients.

4) Is my personal information private?

The traditional confidentiality extended to those engaged in legitimate business will not be affected. The Bahamas retains a legislative and administrative system that respects both the privacy of our clients and preserves the banking confidentiality in our financial services sector.

Tax information would only be exchanged pursuant to specific request for tax years beginning in or after 2004 for criminal tax offences, and in or after 2006 for civil tax defaults. Sufficient evidence must be provided to support the request for information, and information released will be subject to stipulated safeguards.

5) Will your major competitors be signing similar agreements?

Yes, or the Agreement does not become effective. If our economic interests are threatened by others failing to agree equivalent action, this Agreement will not be implemented. We do not expect to be alone in doing this.

6) Is this commitment a Tax Information Exchange Agreement?

No. This commitment is a framework from which The Bahamas may negotiate Tax Information Exchange Agreements subject to the establishment of a level playing field.

7. Does the private sector support the commitment?

The private sector agrees that The Bahamas should not be placed at a competitive disadvantage vis-à-vis its principal competitors who are members and non-members of the OECD. This commitment is predicated on preserving the competitive position of The Bahamas.

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