

### **CHOICE FOR INTERNATIONAL FINANCIAL SERVICES**

**OUR VALUE PROPOSITION STATEMENT** 



#### **INTRODUCTION**

### A RAPIDLY EVOLVING JURISDICTION, LODGED BETWEEN TWO WORLDS

In the past few years, international financial centres have had to respond to concerns raised by the European Union's demands to enhance tax transparency and co-operation measures. They have required IFCs to address economic substance, preferential tax regimes and access to beneficial owner information. The Bahamas, situated off the eastern coast of the United States, have just passed this complex set of tests with flying colours and have been 'whitelisted' by the trading bloc. A suite of legislation and economic planning has led to a revitalisation of their financial services, both in the well-established field of wealth management and in other areas.

The Bahamas is well positioned to grow as a financial hub because they lie athwart the air lanes, linking New York with the financial centres of the Caribbean. The Bahamas is proving to be more agile in adapting to changes in the world's economy than their competitors. Straightforward and practical structures such as the Bahamas Executive Entity, the Investment Condominium or ICON, Bahamian trusts and SMART funds are used to great effect every day. Meanwhile, Grand Bahama is poised to become a mini Silicon Valley of the Caribbean. Business and lifestyle opportunities abound, as this informative study will demonstrate.

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# Bahamas - INNOVATION EXPERTISE LOCATION Like its translucent waters The Bahamas is the Clear Choice for captive insurance. Located just off the coast of Florida, The Bahamas captures everything that captive owners are looking for --- expertise that nurtures innovation to meet market needs and an idyllic environment to meet, live and do business.



### LIGHT-TOUCH REGULATION IS NOT A CAKE WALK!

\* by Sharmon Ingraham, H&J

The suite of products that the financial services industry of The Bahamas offers to the world includes Private Trust Companies or PTCs, private foundations and executive entities. The jurisdiction subjects these products to light regulatory controls, but this should not be regarded as a sign of lax supervision.

The regulatory mechanisms and controls that exist ensure that such vehicles comply with Bahamian law and best international standards in the industry. The Bahamas' financial sector tries hard to ensure that the products that it offers meet the needs of those who use them while adhering to global best practice.

### PRIVATE TRUST COMPANIES (PTCs)

Created by an amendment to the Banks and Trust Companies Regulation Act (Chapter 316, Statute Law of The Bahamas) and specific subsidiary legislation in 2006, PTCs are designed to reduce red tape and to be regulated lightly. PTCs may be companies, limited by shares or guarantee, that are incorporated under the Companies Act, Chapter 308, or the International Business Companies Act, Chapter 309. In keeping with their reduced regulatory profile, PTCs are required to have minimum share capital of \$5,000 each and to pay lower licence fees than institutional trust companies. Transfers of the shares of licensed banks and trust companies have to be approved in advance by the Central Bank of The Bahamas, but PTCs are exempt from this requirement. PTCs are also exempt from certain other regulatory requirements, including the need to obtain trust licences from the Central Bank.

However, the legislation requires every PTC to have a registered representative and a special director to administer, oversee and monitor it.

The registered representative is a valuable part of the regulatory regime to which the PTC is subject, while the position of special director

is directed at its due administration. Registered representatives are required to be located in the jurisdiction and to be either licensees of the Central Bank or duly registered financial and corporate service providers that the Central Bank has approved to act as such. To qualify as a registered representative, an entity is obliged to maintain a minimum share capital of \$50,000.

### "PTCs are designed to reduce red tape and to be regulated lightly"

The law also sets "minimum criteria" for the special director of a PTC. He is required to possess no less than five years' experience in a discipline relevant to the administration of trusts. Such disciplines include law, finance, commerce, investment management and accountancy – specialities that are necessary for the proper administration of trust structures.

In the regime that regulates PTCs, registered representatives serve as the primary contacts between those companies and the Central Bank. Each registered representative is expected to have certain information and documents that pertain to his PTC. This includes "client due diligence" documents (retained for designated persons, settlors, vested beneficiaries and protectors, among others), documentary evidence that the entity meets the statutory requirements to be a PTC, documents that establish the PTC, including memoranda and articles of association, trust and designating instruments and a curriculum vitae for each special director. The registered representative is also required to maintain the share register, annual compliance

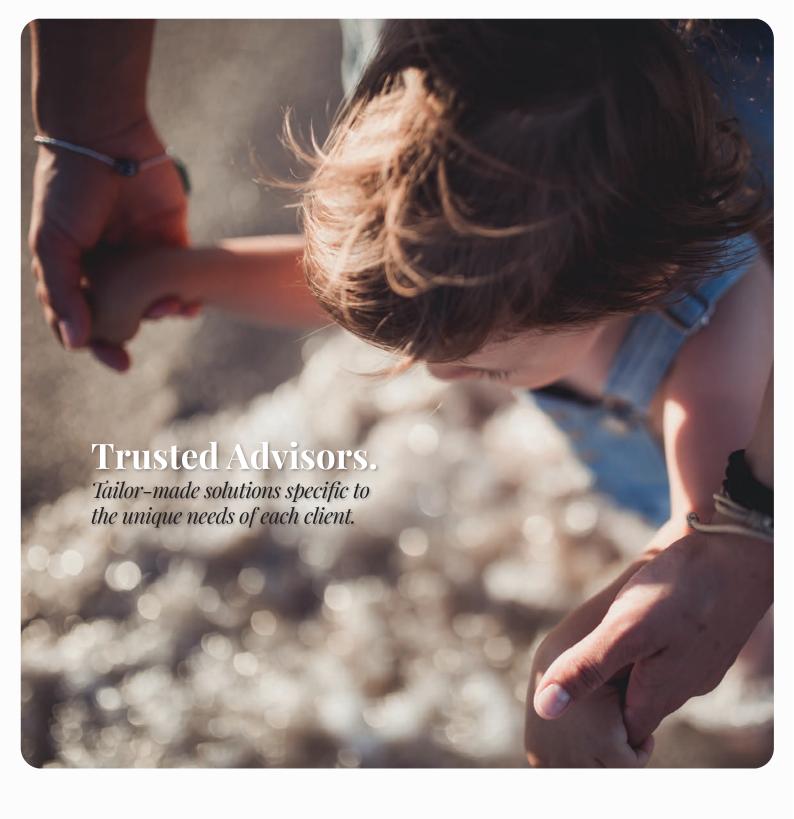
certificates, declarations about the maintenance of accounting records, certificates of good standing and current "client due diligence" records.

Every year, the registered representative must certify that the PTC continues to meet its statutory obligations. Consequently, the Central Bank may ask him/it to show it documents and information on each PTC with which it is affiliated. It may also issue directives that govern the PTC and the registered representative and undertake onsite inspections. To the extent that there is any contravention of the requirements and directives of the Central Bank, or the Central Bank considers that the business of the PTC is being conducted in a manner detrimental to The Bahamas, the authorities might levy sanctions against the PTC and its registered representative.

### PRIVATE FOUNDATIONS

Private foundations entered The Bahamas' financial services tool kit with the enactment of the Foundations Act, Chapter 369D, in 2004. In accordance with the Act, a Bahamian private foundation is an entity with a separate personality which is resident and domiciled in the jurisdiction. It is required to be duly registered with the Foundations Registry.

The Foundations Act also requires the private foundation to have a foundation agent or a secretary with responsibility for certain statutory duties that the law imposes on it. A foundation agent must be a duly licensed financial and corporate services provider or a trust company licensed under the Bank and Trust Companies Regulation Act, Chapter





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316, and not precluded from acting in such capacity by the Foundations Act. Among the factors which may preclude an entity from acting as a foundation agent is the existence of a conflict of interest in respect of the founder or beneficiary of the foundation or a conflict that arises from a personal relationship with a foundation council member.

### "The BEE has the capacity to sue and be sued in its own name"

The Foundations Act requires the foundation agent to perform certain statutory duties and states that the regulator which oversees him must oversee the foundation also.

To this end, if the foundation agent is a licensee of the Central Bank, the foundation is subject to the oversight of the Central Bank. The statutory duties imposed on the foundation agent by the *Foundations Act* include "client due diligence" in respect of the foundation.

The foundation agent is required to provide the Registrar of Foundations with a registration statement that contains certain prescribed details, notably the name, purpose, object and duration of the foundation. He (or it) must keep hold of the constitutional documents of the foundation, along with amendments to them, must provide registered-office services to the foundation and must be ready to receive service of legal process or other notices on behalf of the foundation. He must ensure that the foundation obeys the Foundations Act and ought to declare that he is doing so to the Foundations Registry. He has to monitor changes in the prescribed information and amendments of the foundation's constitutional documents and is obliged to notify the Foundations Registry accordingly.

The Foundations Act imposes a duty of care upon the foundation agent, who is therefore required to act honestly and in good faith in the best interests of the foundation, exercising the care, diligence and skill of a reasonable person.

#### **BAHAMAS EXECUTIVE ENTITIES**

Another component in the tool kit of financial services in The Bahamas is the Executive Entity. The Bahamas Executive Entity or BEE was created by the Executive Entities Act 2011. The BEE is "a legal person established by charter" for the purpose of performing executive functions in private wealth structures and has the capacity to sue and be sued in its own name. The Executive Entities Act defines "executive function" as:

"(a) any powers and duties of an executive, administrative, supervisory, fiduciary and office holding nature including, but not limited to, the powers and duties of (i) an enforcer, protector, trustee, investment advisor and holder of any other office... of any trust; and (ii) the holder of any office...of any legal person; and (b) the ownership, management and holding of...executive entity...and trust assets".

The Executive Entities Act requires an executive entity agent to be appointed in respect of each BEE, which must keep such an agent in place for the rest of its existence. The executive entity agent must be a duly licensed financial and corporate services provider or a trust company licensed under the Bank and Trust Companies Regulation Act. It must also consent in writing to its appointment to act as agent in respect of the BEE.

The executive entity agent is required to undertake the statutory duties imposed upon it by the Executive Entities Act and any other regulatory duties imposed by relevant legislation. The statutory duties imposed under the Executive Entities Act include the job of ensuring that the BEE obeys the legislation; the undertaking of necessary "client due diligence" and the maintenance of proper documents in respect of the BEE.

Additionally, the executive entity agent also serves as the principal point of contact between regulators and the BEE. Accordingly, it is the designated recipient for service of any notice or proceedings in respect of the BEE.

The Act also imposes upon the executive entity agent a statutory duty of care. The agent is therefore required to act honestly and in good faith in the best interests of the foundation, exercising the care, diligence and skill of a reasonably prudent person in comparable circumstances.

#### A LIGHT BUT FIRM TOUCH

The "light touch" regulatory control of the aforementioned organisations is effectively buffered by the presence of regulated entities which provide them with services and which they choose themselves. The regulatory supervision of each of the above bodies happens through either a licensee of the Central Bank's or a licensed corporate and financial services provider – bodies which are themselves overseen by regulators.

### "PTCs, private foundations and BEEs need not interact with regulators directly"

In other words, PTCs, private foundations and BEEs choose regulated agents to service them and need not interact directly with regulators themselves because their regulated agents monitor and supervise them.

This arrangement does not dilute the regulators' control over the bodies, however. Well-managed Central Bank licensees or corporate and financial service providers are on hand to ensure that they meet all regulatory requirements and keep their files up-to-date. They do this when they act in the capacity of registered representatives of PTCs, foundation agents of private foundations or executive entity agents of BEEs, because their reputations would be jeopardised by anything less.

Prepared by the Bahamas Financial Services Board. Contact us at https://bfsb-bahamas.com/





### RESILIENCE MARKS THE BAHAMAS' FINANCIAL SERVICES INDUSTRY

\* by Tanya McCartney, CEO and Executive Director of the Bahamas Financial Services Board

The Bahamas are the location for the leading international financial centre in the Latin American and Caribbean region – a financial centre that is respected for its expertise in fiduciary services. The financial services sector has been impressively resilient and progressive in the face of events such as Hurricane Dorian, the current Covid-19 pandemic and the demands of international bodies, not to mention the continued and sometimes challenging evolution of the global financial sector.

None of these challenges has impeded the country's financial services industry in its efforts to conduct business and deliver bespoke services to meet the changing and diverse needs of clients. Robust business continuity plans allowed all financial institutions in the islands to continue doing business during Hurricane Dorian last autumn. Such far-sighted plans are also allowing them to do so now, as the world grapples with the present health crisis. These measures have cushioned firms from the worst effects of the outbreak and explain why the country is seen by many as an ideal location for financial institutions and the services that they provide to their international clients.

# "The financial sector's viability is a priority for both public and private sectors"

Meanwhile, The Bahamas have responded to international initiatives by attaining the highest standards of compliance with every internationally-agreed standard of conduct.

The Bahamas have evolved over the years from being an "offshore" centre, with all that that word connotes, to the world's premier international banking and trust business centre in the Caribbean and Latin American region. The jurisdiction has been and remains demonstrably and effectively unwelcoming to anyone who seeks to engage in questionable and illegal activities. It is also a co-operative and reliable partner in tax matters and on related subjects.

Earlier this year, the European Union's Economic and Financial Affairs Council recognised The Bahamas' commitment to probity by completely removing the jurisdiction from its list of "non-co-operative jurisdictions for tax purposes." Against this background, The Bahamas joined more than 108 member-countries of the Organisation for Economic Co-operation and Development's Global Forum in formally acceding to the multilateral Convention on Mutual Administrative Assistance in Tax Matters or MCAA. Some time earlier, in 2016, the islands enacted the laws that now underpin its diligent adherence to the OECD's Common Reporting Standard.

In addition to the jurisdiction's attachment to CRS, its signing of the MCAA and its conformity to the OECD's crusade against Base Erosion and Profit Shifting (BEPS), the integrity of the jurisdiction is also on display in its strong anti-money-laundering and anti-terrorist-financing regime and its observance of the US Foreign Accounts Tax Compliance Act or FATCA.

The Financial Action Task Force (FATF), the world's anti-money-laundering standard-setter, has acknowledged the fact that The Bahamas have resolved all the problems that it identified in its assessment of their anti-money-laundering regime. The territory agreed to an onsite inspection as a part of the formal process of exiting the FATF "grey list." This visit was scheduled for April but had to be postponed as a result of the epidemic.

The Government of the Bahamas, keen to demonstrate the strength

of its anti-money-laundering and anti-terrorist-financing regime to EU officials yet again, is talking to them at the highest diplomatic and political levels. This is partly to deal with the EU's current intention to place the jurisdiction on its list of "high-risk third countries" in October. The country stands firm in its insistence that it has attained the highest standards in the fight against money laundering, terrorist financing and other financial crimes

### A SHARED COMMITMENT

Financial services are the second most important industry in The Bahamas after tourism and successive governments have recognised the importance of the industry to the country's continued economic and social development. The financial sector's viability is therefore a priority for both public and private sectors alike

This is why both regulators and the legislature are very swift in their response to the needs and demands of the market. It also explains the balance that regulators strike between encouraging lively competition and ensuring that the financial services industry keeps its integrity. What is more, The Bahamas have a government ministry dedicated solely to financial services. The public and private sectors, moreover, share the objective of helping to promote and develop the industry.

#### A 'TAX-TRANSPARENT' NATION

With a history of financial services dating back to the 1930s, The Bahamas possess one of the world's most



significant international financial centres. They contain one of its leading international banking centres – the pre-eminent one in the Caribbean region – which ranks alongside New York City, Miami, the City of London, Switzerland, Toronto, Dubai, Honk Kong and Singapore. This sector contains the largest offering of international banks – from the USA, Europe, Asia and Latin America – in the Caribbean and Latin American region.

The financial sector as a whole includes not only banking (including private banking) but also trust services, mutual funds, capital markets, investment advisory services, accounting and legal services, insurance, corporate services and a shipping registry.

Wealth management accounts for a large part of the jurisdiction's financial sector. For many a high-networth individual, banking and wealth management outside one's home country are simply good business and a wise avenue for investment.

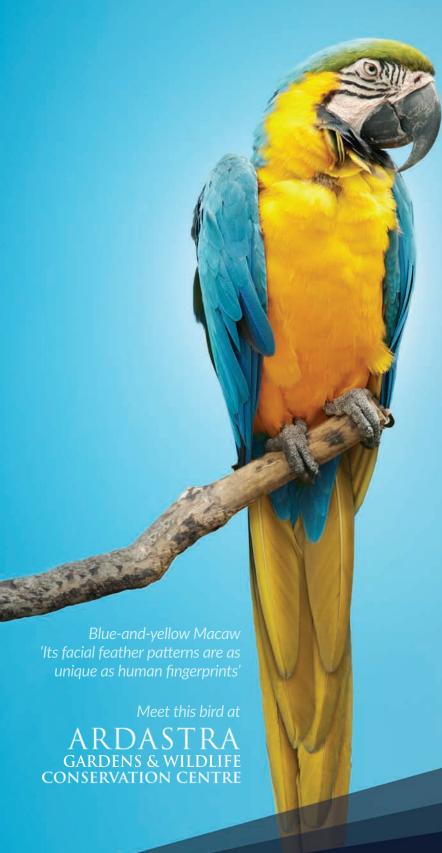
# "Nations ought to exchange information about people's and entities' tax affairs"

There are several reasons for this. First, multi-national and multi-generation families and family businesses find that they can preserve their wealth for the long term and transmit it to younger generations with ease when they site some of their assets in a jurisdiction with trust laws. Their home jurisdiction might be subject to civil unrest or have a history of political or financial instability, while its government might want to expropriate their wealth and subject them

to capital controls. It is therefore important for HNWIs to offset these risks by keeping at least some of their assets in a jurisdiction that does not suffer from these problems.

Furthermore, international banking and wealth management centres often possess financial products and services that are superior to those that are found in their home countries

The Bahamas' laws require businesses and other entities to disclose information to the Government about the ways in which they generate their income and the amounts of tax that they pay. The jurisdiction is "tax-transparent" because it follows the doctrine that nations ought to exchange information with one another about people's and entities' tax affairs – on request in some cases and automatically in others.



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### TRADING: A LOCAL PRESENCE, A GLOBAL REACH

\* by ActivTrades

There is no greater enthusiast than a convert. In this article we learn how and why a European broker came to choose The Bahamas as the venue for its first office outside its home continent. In the last two years since it made that decision, its enthusiasm for the jurisdiction has only grown.

As many wise men have realised throughout history, in life the only constant is change. Our world is permanently evolving and the pace of change is accelerating, pushed along by technological advances, socio-economic dynamism and, above all, by the unstoppable march of history itself.

### "The Bahamas serve as an ideal hub from which we can service clients"

Dramatic changes in global geo-politics and the Coronavirus crisis have very recently reminded us of this. The economic, political and social changes that will arise in the aftermath of the Covid-19 crisis are very likely, at least to some degree, to shape the way we are going to do business and interact with each other for years to come. Change of this nature occurs in all spheres of life and requires firms such as ours to evolve constantly and adapt to new challenges and landscapes.

### THE EVOLUTION OF TRADING

Because of technological advances in hardware, software and telecommunications, the way in which trading was carried out as recently as in the early 2000s – quite often by phone, sometimes even face-to-face, with clients visiting the broker's office to open or close positions – has changed fundamentally.

Today, the providers of financial services must offer ultra-fast execution, with latency measured in single-digit milliseconds, available on a range of desktop, web and mobile platforms through which clients can access a vast array of different financial

instruments, including foreign currency pairs, stocks, commodities, indices, exchange-traded funds (ETFs) and fixed-income securities.

The ways in which trading decisions are made have also evolved. Today's trader is becoming more and more sophisticated, relying on cutting-edge technology, with advanced chart packages supporting complex order types.

### MORE THAN JUST AN INTERMEDIARY

The traditional broker has evolved to become more than just an intermediary. Our company, for instance, is no longer a pricing and execution provider; we are also developers of cutting-edge technology. It goes without saying that any broker that wishes to remain competitive must offer attractive pricing, top customer service and a vast plethora of educational resources.

### "Our clients come from different cultures and are dispersed far and wide"

Technology is but one of several competitive challenges that face us. Our clients come from different cultures and are dispersed far and wide throughout many countries and across several continents. They require services that can be complex because of their different languages, cultures and time zones of domicile. We also find that the trading requirements of clients based outside Europe tend to be different from those based inside. Non-European clients often demand features that are either unavailable or overlooked in the old continent, including higher

leverage and a wider offer of educational resources.

Today, a large percentage of retail traders reside outside Europe and the USA. Financial trading is no longer an activity reserved exclusively for people who are close to large financial hubs such as London or New York; many in Asia, Africa, South and Central America and the Caribbean follow the markets avidly and are interested in trading. This is why ActivTrades (which began in Switzerland in 2001 and moved headquarters to London in 2005) decided to expand beyond its many European offices a couple of years ago. The Bahamas serve as an ideal hub from which we can service these clients.

### **SO WHY THE BAHAMAS?**

Besides the natural beauty of the islands, nice weather and friendly locals, there were other reasons behind our choice. Chief among these was the availability of a well-educated and skilful workforce. The Bahamas are internationally renowned for their financial services and we assumed that it would be possible to recruit locals with experience in the industry.

Because of the relative complexity of the products we offer and diversity of our client base, our staff tend to be multilingual, educated at universities and with work experience in the finance sector. Our assumption proved to be spot on, as today we employ more than 20 locally-based financial professionals who, taken together, are proficient in seven different languages. Another extremely important factor was the Bahamian legal system which is based on English Common Law.

However, the reason that weighed the most in our decision to establish a hub in The Bahamas was the presence of a reputable and globally respected regulator and we found it in the Securities Commission of the Bahamas. This requirement was paramount.

### "Online brokers have designed white-and-greylabel solutions, APIs and money-management tools"

Any financial firm that chooses to set up headquarters in a jurisdiction with a poor global reputation will suffer damage because trust is the most important factor for many clients when they are choosing a provider. In this respect, once again, The Bahamas proved to be the right choice; the Securities Commission granted ActivTrades a Securities Industry Act licence on 14 May 2018 and has since onboarded several thousand globally based clients.

The success story of brokers in The Bahamas is founded, to some extent, on the attractiveness of The Bahamas as a business destination given the geographical location of the islands and the excellent transport links with the Americas and Europe. There are several direct flights to the main business centres on both sides of the Atlantic.

Last, but not least, the nation is stable socially and politically and has a growing international reputation for transparency and good regulation, to which the adherence to the Common Reporting Standards of the Organisation for Economic Co-operation and Development pays testimony.

As the number of international clients who choose to be onboarded by our office in the Bahamas grows, so will our need to recruit more local talent. The increasing popularity of online trading all over the planet and particularly in South and Central America will make The Bahamas ever more successful as a trading hub.

#### **NEW LAWS, NEW PRODUCTS**

In today's challenging environment, an online broker's success undoubtedly

rests on its ability to analyse and plan, to adapt and evolve. Over the last few years online trading has faced several regulatory challenges, not least from the European Securities and Markets Authority. Competitive online brokers have risen to the challenge with good cheer, realising that the European legislation that ESMA upholds is in tune with their own aim of protecting retail clients from bad results.

The online brokers of the Bahamas have identified great opportunities for growth abroad and have designed new lines of products with institutional clients in mind. These include white-and-grey-label solutions, APIs (application programming interfaces, which afford third parties access to banks' systems) and money-management tools.

The more agile of these firms have also concentrated on business partnerships to a higher degree than before, establishing some of these with introducing brokers and affiliates.

ActivTrades can be reached at www.activtrades.com





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### THE COMMERCIAL ENTITIES (SUBSTANCE REQUIREMENTS) ACT EXPLAINED

\* by Kevin Moree, Partner, McKinney Bancroft & Hughes

Most international financial centres have now passed legislation that lays out the obligations of registered entities to show officials that they have a "substantial economic presence" in their jurisdiction of choice. CESRA is the statute that applies to the Bahamas.

For some time now, the financial services industry has been moving towards the implementation of global standards and international co-ordination. The rationale for this is the desire of governments to prevent money laundering, terrorist financing and tax evasion/avoidance. On this last point, governments all over the world are more and more concerned about the fact that many businesses are artificially transferring profits from one jurisdiction to another with the sole purpose of minimising their tax liabilities.

### "Every entity should be engaging in real economic activity in the jurisdiction"

The European Union Code of Conduct Group and the Organisation of Economic Co-operation and Development (OECD) are leading the charge against this behaviour and have created rules that are widely accepted as the global standard. Economic substance requirements feature in both sets of rules, namely in Criterion 2.2 in the Code of Conduct Group framework and in Action 5 of the OECD Base Erosion and Profit Shifting Initiative. It is not now controversial to say that every entity should be engaging in real economic activity in the jurisdiction in which it is deemed to be resident for tax purposes.

At the end of 2018, the Bahamian Government passed the Commercial Entities (Substance Requirements) Act (CESRA) in an effort to comply with international best practices while maintaining The Bahamas' leading role in the competitive market of international financial centres. The purpose of CESRA is essentially to ensure that certain Bahamian

entities are either (i) engaged in real economic activity in The Bahamas or (ii) tax-resident and compliant in some other jurisdiction.

This is a welcome development for some who may have experienced difficulty in the past when trying to satisfy the relevant authorities in other jurisdictions that this-or-that entity was tax-resident in The Bahamas. For others, it has necessitated fundamental changes to corporate governance and operational practices.

Business, tax and estate-planning structures often include corporate vehicles in various jurisdictions for a plethora of legitimate reasons. Nevertheless, beneficial owners of Bahamian companies, people involved in Bahamian partnerships and advisors who have clients who use Bahamian companies or partnerships must now be aware that those corporate vehicles may be subject to economic 'substance' legislation and consequently required to fulfil certain requirements.

It is important for these people to identify: (i) the entities in their purview that have to obey Bahamian 'substance' laws; (ii) the time when these entities ought to be substantially economically 'present' in The Bahamas; (iii) the things that qualify as "substantial economic presence"; and (iv) reporting requirements.

### WHAT ENTITIES ARE SUBJECT TO CESRA?

CESRA came into force on 31 December 2018 and applies to Bahamian entities that have been incorporated, registered or 'continued' in accordance with the Companies Act (including foreign entities which

have been registered under that Act), the International Business Companies Act, the Partnership Act, the Partnership Limited Liability Act and the Exempted Partnership Act. Other Bahamian corporate vehicles, including trusts and foundations, are not subject to CESRA and therefore are not required to have "substantial economic presence" in The Bahamas or to submit a CESRA report.

### WHEN IS SUBSTANTIAL ECONOMIC PRESENCE REQUIRED?

An entity which is subject to CESRA is required to have "substantial economic presence" in The Bahamas if it, or any of its subsidiaries, is engaged in any of the following business activities: banking; insurance; fund management; financing and leasing; headquarters; distribution and service centres; shipping; and/or the commercial use of intellectual property.

### "The nature of 'substantial economic presence' varies from case to case"

There are two exceptions to this. One occurs if the entity is wholly owned, either directly or indirectly, by one or more persons who are either (a) ordinarily resident and domiciled in The Bahamas or (b) annual or permanent residents of The Bahamas and physically there for at least three months cumulatively each calendar year, and the entity conducts its core income generating activities in The Bahamas. Equally, there is an exception if the entity is managed centrally and controlled outside The Bahamas and is tax-resident in a different jurisdiction.

If either of these exceptions are satisfied, the relevant entity is not required to have "substantial economic presence" in The Bahamas. The first exception has enabled the beneficial owners of entities subject to CESRA who reside in The Bahamas to avoid the arduous job of determining whether or not their entities have satisfied their substance-related obligations. Holding companies are subject to lesser substance-related requirements.

### WHAT QUALIFIES AS SUBSTANTIAL ECONOMIC PRESENCE?

The nature of substantial economic presence varies from case to case. Generally speaking, entities that are subject to substance-related rules and are not tax-resident in jurisdictions other than The Bahamas must have adequate assets, qualified personnel, physical office space and control in The Bahamas. There is no Bahamian jurisprudence on the topic of having adequate control in The Bahamas, but it seems likely that some seminal UK cases, which are persuasive but not binding in The Bahamas, will be instructive.

### WHAT ARE THE REPORTING REQUIREMENTS?

All entities that are subject to CES-RA are required to report within nine months of their financial year-ends (a three month extension has been granted for 2019 CESRA reporting because of the disruption caused by the current pandemic). However, the amount of detail that must go into each report depends on the category into which the entity in question falls according to the legislation.

A regulated and 'included' entity has to report the greatest amount of information, which includes:

- a description of the nature of business that it does;
- the names, addresses and contact information of all of the directors;
- the names, addresses, contact information and jurisdiction of tax-residence for all shareholders;
- the amount and type of gross income;

- the amount and type of expenses and assets;
- the number of full-time employees;
- a summary of the entity's core income-generating activities; and
- a summary of its management and control activities.

Holding entities are required to provide the least amount of information.

Consistent with the Bahamian Government's public promise to promote technology and to make it easier for everyone to do business, CESRA reporting is done by means of an electronic smart form on an online portal which is also used for business-licence and value-added-tax (VAT) applications, renewals and filings. It is important to note that every reporting entity is required to obtain either a tax identification number (in the case of a VAT registrant) or an entity identification number before it submits a CESRA report.

#### **PROBLEMS AND OPPORTUNITIES**

What are the greatest problems and opportunities associated with CES-RA? The travel restrictions associated with the Coronavirus are certainly significant. At the moment, however, the greatest challenge for advisors and clients alike is the job of identifying all the things that they need to have in place if they are to fulfil all their substance-related obligations. Specifically, the 'adequacy' test (which is used to determine whether the entity has adequate assets, personnel, etc., in the jurisdiction in question) is unapologetically qualitative rather than quantitative. The job of determining where central management and control lies can also be a problem because it is often something that only the senior personnel of an entity are able to do.

Such a challenge is not peculiar to The Bahamas, as evidenced by the voluminous guidance provided by various governments and international organisations that relates to similar legislation elsewhere in the world, along with a wide swathe of jurisprudence on issues such as central management and control in those countries.

This challenge, however, also creates an opportunity because The Bahamas can draw on the experience of other jurisdictions to settle on the best approach.

## "On the whole, CESRA presents a great opportunity for The Bahamas"

Usually, two of the most significant factors in determining the location of the central management and control of an entity are (i) the location of the board meetings and (ii) the decisions that people take at those meetings. As directors are unable to travel, board meetings which usually take place in a certain jurisdiction are now being held virtually.

Furthermore, major decisions about business strategy, redundancy, etc. which would usually be made at a board meeting in a certain jurisdiction now have to be made urgently by one person located in a different jurisdiction. The authorities in some jurisdictions have provided guidance about adjustments to substance-related rules but no such guidance has surfaced in The Bahamas to date.

Finally, it would seem that on the whole CESRA presents a great opportunity for The Bahamas. If the senior personnel (directors and managers), or even the beneficial owner, of an entity live in the jurisdiction in which that entity has been created, this is often very helpful to anyone who has the job of confirming that the entity is satisfying its obligations in respect of substance. Because The Bahamas are a desirable place to live, with their attractive climate and easy means of travel to anywhere in the world, this is more likely to happen on their soil than in many places elsewhere.

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### THE CONTINUING EVOLUTION OF FUND MANAGEMENT IN THE BAHAMAS

\* by Antoine Bastian, Managing Director, Genesis Fund Services

The financial sector of The Bahamas has a long history of being well-regulated, but there is always more to be done. Two statutes have been updated and a new one has been passed with the intention of bringing the jurisdiction's fund managers into compliance with international best practice.

Over the past three years, international financial centres such as the Bahamas have been amending their investment fund rules and introducing rules regarding "commercial substance." The aim is to promote global fair play and transparency in response to new international rules. The European Union's persistence in trying to eradicate harmful tax practices and to prevent multinationals from engaging in base erosion in IFCs within its borders has inspired global institutions to promulgate clear and deliberate regulations to combat harmful tax practices and base erosion - the 'erosion' of the tax-base of high-tax jurisdictions throughout the globe.

### "There was simply not enough law to govern fund managers in the past"

As a part of The Bahamas' continuing commitment to global tax transparency, the Government has revised and updated the Investment Fund Act 2019 (the IFA) and the Investment Fund Regulation 2020 (the IFR) and has passed the Commercial Entities (Substance Requirements) Act 2018 (CESRA). The legislative changes pertaining to the IFA and CESRA were carved out of principles established by the Organisation for Economcic Co-operation and Development's Forum on Harmful Tax Practices and the European Union's Code of Conduct.

Although I can say confidently that the jurisdiction of The Bahamas has a long history of being well-regulated, the updates of the IFA and IFR and the introduction of CESRA which followed those principles have added

something new and will ensure that the jurisdiction's products help the world in its struggle against harmful tax practices.

Before the Government updated the statutes, there were no licensing or registration requirements for fund managers when they performed management functions for funds domiciled in The Bahamas. It was typical to incorporate a company to serve as investment manager of a fund and that company was ostensibly the entity that traded, introduced clients, collected fees, met clients and gave advice. The company did not need to have any sort of substance. There was simply not enough law to govern fund managers in the past.

### **DETAILS OF THE STATUTES**

Most of the vetting for "fitness and propriety" and suitability in those days was left to the experience of service providers that used strong standards of their own (or their industry bodies) to offset business risk; the IFA and IFR added some legislative teeth to the process.

The updated IFA 2019 now requires an entity or a person to (i) be licensed if he/it intends to manage a Bahamian standard fund (a fund without sophisticated investors) or a fund in any jurisdiction outside the EU, or (ii) be registered, if the intention is to manage a Bahamian SMART fund, a professional fund or similar funds offered to accredited investors in jurisdictions other than the EU. Fund managers that want to offer funds to the EU or manage EU funds must comply with the Alternative Investment Fund Managers' Directive and report quarterly to the European Securities and Markets Association.

Most funds established in The Bahamas have been SMART Funds (private-label funds) and professional funds. The managers, whether domiciled in The Bahamas or in another jurisdiction, of both types of fund will now require registration, if not more. The registration process consists of a formal application that involves the standard "due diligence" to which we have become accustomed over many years, e.g. the presentation of passports, constitutive documents and information about all directors and ultimate beneficial owners, etc.

### "The Bahamian fund manager is no longer a nebulous shell"

The IFA and IFR ensure that offshore managers are now encapsulated in the global exchange of tax-related information through the OECD's Common Reporting Standard. They also ensure that fund managers that are interested in using The Bahamas have a real and tangible connection with the jurisdiction. The aim of the IFA is to protect investors from incompetence, anonymity and obscurity.

The Bahamian fund manager is front and centre in the structure and is no longer a nebulous shell that can easily abscond from taxes, neglect regulations or, more importantly, abandon investors.

CESRA, the law that calls for "economic substance," came into force on 31 December 2018 and obliges entities to send reports to the Ministry of Finance this year. This measure demonstrates The Bahamas' keenness to continue as an important and viable global international financial centre.

CESRA deals with several types of entity but this article is only concerned with fund managers that operate in, or are thinking of operating in, The Bahamas.

#### THE NATURE OF SUBSTANCE

The task of deciding what to view as "substance" is a matter of a few simple steps or questions that the fund manager should ask itself.

- (1) Are you a legal entity (an "included entity") that is tax-resident in The Bahamas and conducts commercial activity through:
- (a) the *Companies Act*, including foreign entities registered under *Part VI* of the Act;
- (b) the International Business Companies Act;
- (c) the Partnership Act;
- (d) the Partnership Limited Liability Act; and/or
- (e) the Exempted Limited Partnership Act?
- (2) Are you an "included entity" and do you conduct adequate relevant commercial activities within the Bahamas?

(Included entities must conduct Core Income-Generating Activity (CIGA) in The Bahamas, have adequate people, premises and expenditure there and be directed and controlled there.)

(3) Are you tax-resident outside The Bahamas?

CESRA does NOT impose substance-related obligations on entities that are tax-resident outside. The Bahamas and are managed and controlled outside. The Bahamas. Like the United Kingdom, The Bahamas follow a common-law legislative model. The law therefore ascribes tax residency to the place where real business is conducted, the place from which the entity in question is controlled and the place where management abides.

A fund manager that intends to manage funds domiciled in The Bahamas through a foreign entity is permitted to do so but must meet its statutory obligations to register information

and must demonstrate to the proper authorities the fact that it has foreign tax status in the jurisdiction in which it is organised. Furthermore, the foreign fund manager must provide a tax ID, i.e. a tax certificate from the jurisdiction from which it operates. It should file the required information with "the competent authority" in accordance with CESRA.

#### **CIGAs**

The new and updated substance legislation makes the law clearer regarding the things that should count as Core Income Generating Activity (CIGA) in an "included entity" from the perspective of fund managers. Under CESRA, they ought to include the following.

- The taking of decisions about the holding and selling of investments.
- The calculation of risks and
- The taking of decisions regarding currency, fluctuations in interest or hedging positions.
- The preparation of relevant regulatory or other reports for the consumption of governmental authorities and investors.

CESRA is not exhaustive in the types of CIGA that a fund manager may do and only provides some guidance. CESRA intimates that there may be other CIGAs that it does not list. In other words, even if it does not explicitly spell out an activity as CIGA, the onus is on the fund manager in question to prove that it conducts CIGA to "the competent authority."

### THE DUTIES OF A BOARD

The EU and OECD guidelines that deal with the functions of boards of directors emphasise "direction and control" as a fundamental determination of substance and CESRA mirrors this. 'Adequate' board meetings have to be held in the Bahamas. For the purposes of CESRA, 'adequate' means "as much or as good as necessary and sufficient for a specific need or requirement." The details of 'adequacy' really depend on the business and commercial activity of each fund manager. CESRA is

less concerned with physical presence but its aim is to ensure that a board of directors with knowledge and experience governs each fund's structures in The Bahamas and that fund managers in The Bahamas are "decision-taking bodies."

During the current pandemic, in which travel seems to be at a stand-still and video conferencing is the new norm, this seems fitting and clear. Nonetheless, funds must still keep their minutes, books and records in The Bahamas.

#### **OUTSOURCING**

As with all commercial business, outsourcing is a boon for many companies that may have a short-fall in human or financial capacity. Under the new legal regime, fund managers are not able to outsource core income-generating activities to firms outside The Bahamas. This is consistent with the laws of other international financial centres. A fund manager is only allowed to outsource CIGAs to third-party service providers when:

- the fund manager is able to show the authorities that it can supervise the outsourced CIGA adequately;
- the outsourced CIGA is conducted in the Bahamas; and
- the economic substance of the third-party service provider will not be counted many times by many "included entities" when they are presenting evidence of their own substance in the jurisdiction.

### "The aim of the IFA is to protect investors from incompetence, anonymity and obscurity"

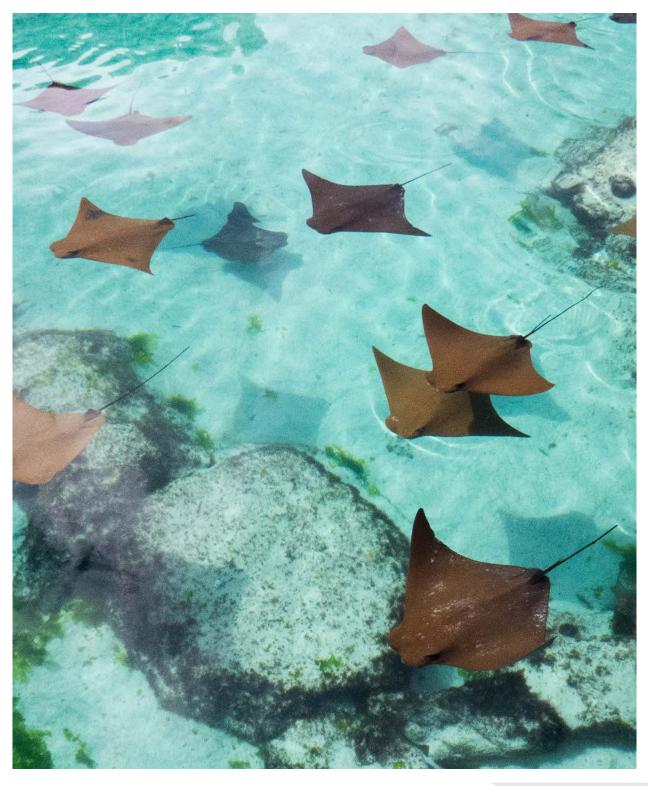
More importantly, the core business of (a) a portfolio-management function or (b) a risk-management function rests on the shoulders of the fund manager and those two activities can only be outsourced with the approval of the Securities Commission. The historical business practice of a fund manager acting as a "letter-box" is now obsolete in The Bahamas.

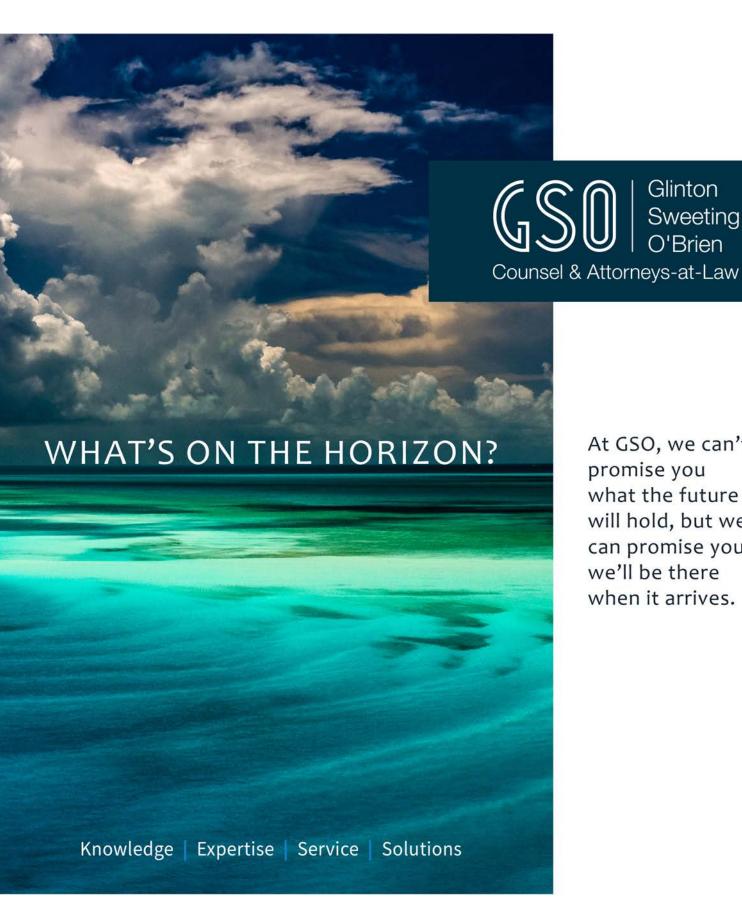
Although the rules for fund managers have changed with regard to the IFA, the IFR and CESRA, the new duties that they entail are not onerous or beyond the modern world's expectations for any global or international financial centre.

The Bahamas will continue to enhance and develop laws that will keep its fund managers and other service providers competitive and relevant for many years. The Bahamas remain a clear choice for global cross-border tax-transparent

and compliant structures and these new legislative updates are a true testimony of this.

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### THE BAHAMAS: THE IDEAL LOCATION FOR A FAMILY OFFICE

\* by Linda Beidler-D'Aguilar, a partner at Glinton Sweeting O'Brien, counsel and attorneys-at-law

As families seek greater control over their financial affairs, family offices have risen to play a vital part in the cohesive and efficient management of family business interests, along with the domestic and personal affairs of their members.

Despite the fact that opinions differ wildly about the types of governance that family offices and their associated structures should have, there is no question that present political and regulatory conditions suggest that substance prevails over form. Anyone who wants to establish a family office must consider "permanent establishment" regulations (which govern fixed places of business which usually generate direct-tax liabilities in the jurisdictions where they are situated) and "controlled foreign company" (CFC) rules. He or she must also contend with rules that relate to tax, residency and immigration while overseeing and managing things competently.

### "Financial institutions, lawyers and accountants are readily available in the islands"

The Bahamas' legislative and regulatory regime gives such people the opportunity to create effective and efficient structures for family offices that comply with financial regulations. Service providers (including financial institutions, lawyers and accountants), skilled professionals and staff are readily available. The Bahamas' proximity and direct flights to major cities such as Miami, New York, Toronto and London, as well as the opportunity that the islands afford for families and their trusted advisors to take up residence and purchase property, are highly advantageous for long-term strategic planning. As people seek safe harbour in a world blighted by the Coronavirus, The Bahamas are a good option.

This article examines the ways in which family offices can take a holistic

approach to "succession planning" - the handing over of wealth from one generation to the next – while creating durable governing structures at the same time.

#### WHAT IS A FAMILY OFFICE?

A family office is a vehicle that can provide the family or families that it represents with a broad range of services, domestic administrative matters (e.g. travel arrangements, staffing and housekeeping), sophisticated support for long-range business, tax planning and estate planning. The supervision of trusts and the management of investments that may be outside the family's main operating businesses are two of the main functions of family offices that operate in The Bahamas.

### REASONS TO ESTABLISH A FAMILY OFFICE

When a family uses a single comprehensive structure, it can spot evolving opportunities and evaluate its overarching objectives with ease. When such a structure controls that family's various interests and keeps an eye on its obligations, its affairs are likely to be stable over a long period of time.

### "There are direct flights to Miami and New York"

A family office also helps the family evaluate the goods and services that firms offer it and can also keep information about relatives' lives confidential because it consolidates advisory services, wealth management, income distribution and other services for them inside a structure that they themselves own. This is the

antithesis of a piecemeal review of disparate elements in isolation from one another.

### MULTIGENERATIONAL RELATIONS

A family office facilitates "generational planning," the means by which one rich generation plans the lives of a later one, and can avail itself of a broad variety of tools that help it do so. Wills are, of course, a common means of such planning, but are rarely good at helping people manage their dynastic interests from beyond the grave. Trusts (stalwarts of common-law practice) and foundations (structures originally established under civil-law codes), on the other hand, have been developed with the explicit aim of helping people to plan the lives of others for decades and perhaps even centuries ahead.

The overseeing and management of family trusts or foundations can be placed in the hands of third parties who report to a family office. Alternatively, the family office may itself establish a Bahamian private trust company (PTC) for the express purpose of acting as the trustee of this-or-that trust or group of trusts; equally, it can act as the founder or supervisory party to a foundation. A PTC commonly takes the form of a limited liability company and its board of directors can include members of the family in question as well as trusted advisors and independent third parties. Consequently, the family may retain a measure of control over the strategic management of the assets without prejudicing the validity of the underlying trust or foundation. If the family establishes the structure with an unlimited life-span, subsequent generations can help to govern it.





#### **SUCCESSION PLANNING**

Family offices are being established in increasing numbers by patriarchs and matriarchs who have, through their own efforts, set up the businesses and interests that those offices are destined to oversee. Their knowledge and expertise cannot, however, be the sole basis for current and future planning if those family offices are to prosper over long periods. They might require the following.

- The preparation of a family constitution or charter which may encompass such concepts as the family's overarching aspirations and goals, the things that it values, the missions of its businesses, the jobs and responsibilities of family members and various third parties (persons and entities) that work for it, and policies, procedures and processes that might resolve disputes that arise in crucial areas (business or otherwise).
- A regular evaluation of the executives (who may or may not be members of the family) who work at the office, along with a

- continual assessment of the jobs and responsibilities that people at the office shoulder.
- The development and augmentation of knowledge and skills through formal training, plus an encouragement of the flow of information between people in the office and between members of the family and their internal and external advisors.
- Plans of action to help the family live up to its social responsibilities and further its philanthropic interests.

#### **FAMILY GOVERNANCE**

Much of this planning depends on the amount of time that the members of this-or-that family wish to devote to their tasks, their willingness to deal with internal and external advisors and their attitudes towards the disclosure of information about themselves to people outside the office. A family that wants to derive the greatest benefits from its office ought to take corporate governance very seriously.

The family in question – and its advisors – ought to ensure that the

people in its office have the right skills and expertise to do their jobs, even if those people come from its own ranks. Governance is not solely the province of directors and officers; people perform important functions at lower levels as well. The proper management of the family office's books and records is of the utmost importance, not least because adequate accounting records and the comprehensive compilation of information (internal and external) is necessary if the office is to meet its multitudinous reporting requirements.

In order to ensure compliance with local laws and regulations, more and more family offices are paying more and more attention to the hiring of qualified staff members and the use of third-party consultants with the right reporting skills who can review compliance and risk management procedures, the better to follow the increasingly sophisticated obligations that regulators are imposing on them.

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# BAHAMAS MAKES SIGNIFICANT STRIDES IN FIGHT AGAINST FINANCIAL CRIME: UPDATE ON THE BAHAMAS' NATIONAL IDENTIFIED RISK FRAMEWORK

\* by The Bahamas National Identified Risk Framework Co-ordinator

There have been tremendous efforts made to address all concerns of the CFATF and the FATF regarding The Bahamas' Anti Money laundering, counter financing of terrorism and counter proliferation (AML/CFT/CFP) framework - legislative, regulatory and enforcement landscapes have been thoroughly reviewed and strengthened. The Bahamas is committed to ensuring that it maintains a high level of readiness in addressing regulatory and best practice challenges in the AML/CFT/CFP space on an ongoing basis.

To assist in this effort and to ensure that there is much vigilance over the primary financial sector - banks and trust companies, The Central Bank of The Bahamas established an AML Analytical Unit in 2018, whose sole function is that of continuous monitoring of AML/CFT/CFP requirements by these institutions, credit unions, non-bank money transmission service providers and registered representatives. The Securities Commission of The Bahamas and the Insurance Commission of The Bahamas also established AML Analytical Units in 2019 to maintain ongoing vigilance regarding AML/CFT/CFP compliance of the securities and insurance licensees and registrants, respectively.

The onsite review by the Financial Action Task Force's International Cooperation Review Group (ICRG) of the Americas was slated to take place before mid-September 2020 and would have been a deciding factor at the October 2020 FATF Plenary, on whether FATF deems The Bahamas as having addressed action items on its agreed Action Plan to resolve identified strategic AML/ CFT/CFP deficiencies identified in the Caribbean Financial Action Task Force Mutual Evaluation Report (CFATF MER) published in July 2017. Unfortunately, the onsite review is yet to occur due to COVID19 travel restrictions. The work has been done and it is our belief and expectation that the country should be released

from the FATF's 'Compliance Document' or 'Grey List' which is published three times per year following the FATF plenaries of February, June and October.

The Hon. Carl W. Bethel, Attorney General, is poised to assume the Chairmanship of the CFATF in November 2020. This strategic posting comes at a time when CFATF membership is the recipient of tremendous competitive and political pressures from the EU, international agencies and organizations. The Identified Risk Framework (IRF) Steering Committee will be focused on its support of this Chairmanship.

#### **CONTEXT**

In December 2015, The Caribbean Financial Action Task Force (CFATF) conducted a mutual evaluation of The Bahamas' technical and effectiveness compliance with the Financial Action Task Force (FATF) 40 Recommendations. The MER of The Bahamas was published in July 2017. The Bahamas was rated as "Compliant or Largely Compliant" with 18 FATF Recommendations, "Partially Compliant" with 21 FATF Recommendations and "Non-Compliant" with 1 FATF Recommendation. Accordingly, the country satisfied the criteria for being placed into the 'CFATF Enhanced Follow-up Process'.

Within 10 months after the publication of its CFATF MER, The Bahamas

applied to the CFATF in May 2018 for technical compliance re-rating of 21 FATF Recommendations. The Bahamas, at the CFATF November 2018 Plenary and meetings, was successful in obtaining 13 upgraded ratings of 'Compliant or Largely Compliant' in 12 FATF Recommendations and a 'Partially Compliant' for the 1 'Non-Compliant' Recommendation of the 2017 Mutual Evaluation. The Bahamas became the first CFATF Member country to achieve such a feat. The Bahamas' current standings vis-à-vis FATF Recommendations are - 30 Compliant and Largely Compliant ratings and 10 Partially Compliant ratings - which places The Bahamas firmly on par with the top FATF member states (i.e. USA, Switzerland, Ireland, etc.).

The results of the 2017 CFATF MER also attracted the monitoring of the FATF ICRG. The FATF gave The Bahamas a 12-month observation period June 2017 - June 2018 to remedy the effectiveness deficiencies. In February 2020, following submission of its fourth progress report in December 2019 to the FATF and the ICRG's desktop review of the same with supporting documentation by the ICRG, the FATF deemed that The Bahamas had made sustainable progress towards addressing the 'Action Plan' items and approved an onsite review to verify the actions taken. The agreed date for the onsite review at that time was the week of the 28th April 2020.

### IMPACT OF THE COVID19 PANDEMIC

The COVID19 Pandemic and the travel restrictions made it impossible for the onsite examination to occur as per FATF requirements. The Bahamas has since approached the FATF directly and via CFATF and regional organizations, seeking a virtual onsite review, but to date has not been successful in securing the same. This state of affairs has led to The Bahamas being disadvantaged as the onsite review results are required to support the country's release from the FATF's Compliance Document ('Grey List'). This has been exacerbated by the fact that in May 2020, the Bahamas was warned that it would be placed on the European Union's 'AML Blacklist' as a result of the country's listing on the FATF 'Grey List'.

The Bahamas re-iterates that we remain ready to accommodate an FATF onsite or virtual review. The work has been done as evidenced from the FATF's February 2020 published Compliance Document and it is our strong belief that The Bahamas has materially addressed all agreed FATF 'Action Plan' items and anticipate being released from the FATF 'Grey List'. In short, we expect a favourable outcome from such an onsite examination (onsite or virtual) if given the opportunity to accommodate such a review.

### SIGNIFICANT MEASURES TAKEN BY THE BAHAMAS

Significant measures have been taken to implement the agreed action plan and the key achievements are as follows:

- (1) Completion and approval of the National AML/CFT Risk Assessment in 2017.
- (2) Completion and approval of the National Identified Risk Framework Strategy in 2018.
- (3) Enactment of a compendium of financial sector legislation in 2018 and 2019 including but not limited to:
- (a) The *Proceeds of Crime Act* which includes our anti-money laundering provisions and proportionate penalties for violations.

- (b) The Financial Transactions Reporting Act and related Regulations which embodies our customer due diligence requirements with an effective sanctions' regime.
- (c) The Anti-Terrorism Act which allows the country to comply with United Nations Security Council resolutions and provides for dissuasive sanctions for offences.
  (d) The Register of Beneficial Ownership Register Act, 2018 which provides for the establishment of a secure search system to facilitate searches of beneficial ownership by the Competent Authority (Attorney General), and government agencies stated in the Act.

(The full list of legislation enacted can be seen in The Bahamas Overview Document.)

- (4) Strengthening of the regulatory regime by issuing revised AML/ CFT/CFP guidelines to financial and non-financial sector service providers; development and issuance of an AML/CFT/CFP coordinated penalty regime; development and implementation of risk-based supervisory frameworks for credit unions, money transmission service providers, securities industry licensees and registrants, gaming houses, and Designated Non-Financial Businesses and Professions. (5) Strengthening of the oversight powers of the Registrar General by
- (5) Strengthening of the oversight powers of the Registrar General by way of enactment of the Companies (Amendment) Act, 2019, which included requirements for a declaration of nominee shareholders to be held at companies' registered offices, and a strengthened enforcement toolkit. Of note was the re-establishment of the Compliance Unit which is mandated to ensure companies' compliance with statutory requirements, as well as monitoring Non-Profit organizations.
- (6) The strengthening of law enforcement resources, and the refocusing in mid-2017 of law enforcement on investigating all types of money laundering including those with foreign predicates. To further empower our law enforcement agencies The Government of The Bahamas codified and issued its National Confiscation Policy in 2019.

- (7) Improved the International Cooperation case management capabilities.
- (8) Overhaul of Information Technology infrastructure of the Financial Intelligence Unit.
- (9) Increased focus on training regulatory, legal and enforcement personnel to strengthen and increase capacity to supervise financial institutions and DNFBPs; respond to improve international cooperation; and to investigate and prosecute money laundering and terrorist financing cases. We have had 120 professionals successfully trained by the UNODC, FATF, IMPACS, CFATF, ACAMS, ICA, and several academic institutions.

The foregoing outlines the tremendous efforts made to address all concerns of the CFATF and the FATF. The IRF Steering Committee is committed to ensuring that the country maintains a high level of readiness in addressing regulatory and best practice challenges in the AML/CFT/CFP space. In addition, as noted previously. The Central Bank of The Bahamas established an AML Analytical Unit in 2018.

The Securities Commission of The Bahamas and the Insurance Commission of The Bahamas also established AML Analytical Units in 2019. Enhanced coordination and cooperation arrangements avoids silo-regulating, and ensures information sharing between the 13 regulatory and enforcement agencies.

#### **CONCLUSION**

The work of The National Identified Risk Framework Coordinator and the IRF Steering Committee is supported at the highest policy levels of Government of The Bahamas.

The Bahamas has strengthened its AML/CFT/CFP framework and has addressed the FATF's 'Action Plan'. The Bahamas is fully committed to maintaining the highest AML/CFT/CFP standards in the global fight against financial crime. We are ready to accommodate a review by the FATF (virtual or in-person) to validate these efforts.



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