

DOMESTIC UPDATES

A roundup of important industry developments in the domestic financial services market

INTERNATIONAL INITIATIVES

Regional and international initiatives and actions of relevance to industry stakeholders

MARKETING UPDATES & EVENTS

A roundup of planned marketing initiatives and upcoming events

MESSAGE FROM THE CEO



Dear Members,

We are pleased to issue another BFSB member newsletter. The industry has been impressively resilient in the face of the recent challenges posed by the COVID19 pandemic. We have not been impeded

in conducting business and delivering bespoke solutions to meet changing diverse client needs. In fact, the current situation has highlighted some opportunities to grow the sector and increase our contribution to the economy with increased public private sector collaboration.

On July 20th, the Financial Services Subcommittee of the National Economic Recovery Committee hosted a virtual townhall. Members of BFSB were actively engaged in the dialogue and put forward recommendations that will be included in the report to the government of The Bahamas. The feedback received highlighted the areas in which we can increase competitiveness. These include immigration, improving ease of doing business and reducing the risk profile of the jurisdiction. Despite the challenges there are also the potential growth areas including but not limited to Fintech, permanent residency, family offices and headquartering that we will continue to advocate for clear policy positions on and implementation to strengthen and expand this important pillar of the economy.

BFSB remains committed to ensuring that the attributes which make The Bahamas attractive as an international financial centre are articulated to the world. Further, that we take the steps to refine and improve on our advantages. The contributions of our members are greatly appreciated as we continue this important work.

Tanya McCartney
CEO & Executive Director

Emergency Powers (COVID-19 Pandemic) (Lockdown) Order, 2020

Banks, trust companies and financial institutions may operate Monday to Friday from 9-5 with 10 essential staff. If you require an exemption it will need the approval of the competent authority. This Order remains in effect until August 19th, 2020.

BAHAMAS MEETS MINIMUM STANDARD IN OECD'S MAP PEER REVIEW

The Bahamas was deemed to have met the majority of the elements of the Action 14 Minimum Standard in the released mutual agreement procedure (MAP) peer review report on making dispute resolution more effective. Under Action 14, countries have committed to implement a minimum standard to strengthen the effectiveness and efficiency of the MAP, which is a part of the Organization for Economic Cooperation and Development (OECD) Model Tax Convention, committing countries to work toward resolving disputes related to the interpretation and application of tax treaties.

“The Bahamas reported that it has no direct tax system and does not impose income, corporate, capital or other direct taxes. This specific situation makes it unlikely, under its current tax system, that The Bahamas takes an action that results in taxation not in accordance with any tax treaty it has entered into,” states the report, released by the OECD yesterday. However, The Bahamas reported that it is ready to resolve tax treaty-related disputes that would arise after an action being taken by its treaty partner. Read more [here](#).

DOMESTIC UPDATES

Continued



THE BAHAMAS MAINTAINS INTERNATIONAL TIER 1 STATUS IN FIGHT AGAINST TRAFFICKING IN PERSONS

On July 8, 2020, the Minister of National Security of The Bahamas, the Honourable Marvin Dames announced that during the last reporting period, April 1, 2019 to March 31, 2020, The Bahamas has continued to advance its national mandate to fight Trafficking in Persons (TIPs) and maintained its TIPs Tier 1 Status for the sixth consecutive year. Minister Dames stated that the Tier 1 Status is one given to countries whose governments strengthen anti-trafficking measures.

Minister Dames also noted that the status was achieved by enabling members of the TIP Committee to lead within their respective agencies and organisations through investigation of cases and prosecution of perpetrators, with the goal of protecting victims.

The Bahamas' success is due to the readiness and cooperation of all its government and non-government partners. Read more [here](#).



COVID-19 OPERATIONAL IMPACTS ON INTERNATIONALLY ACTIVE BANKS AND TRUSTS

The Central Bank has released summary results from a survey of internationally active banks and trusts, in regards to operational impacts since March 2020 from the COVID-19 pandemic. The results from the survey are reassuring. All institutions have been able to maintain effective operations in the new environment, and to date financial impacts have been minimal. The Central Bank is satisfied that its internationally active licensees are operating soundly in the pandemic environment, and that they can continue such operations as long as necessary. Read [here](#).

CENTRAL BANK RETHINKS OVERSEAS DATA STORAGE

The Central Bank has conceded that Hurricane Dorian's devastation has prompted a rethink on permitting its financial institution licensees to store confidential client data overseas. The monetary regulator, in its analysis of the "lessons" learned from the category five storm, said customer confidentiality now needed to be balanced with financial system resilience and the need for critical data to be backed-up outside The Bahamas. The Central Bank intends to construct a

new headquarters in Nassau, and work has commenced on this project. The new headquarters building will withstand a Category five hurricane and associated storm surge and will allow not only staff, but families to shelter on-site. The Central Bank intends similar arrangements for a new currency and coin storage distribution centre on New Providence. For several years, the Central Bank has moved current and archived documents to electronic storage.

The COVID work from home arrangements have demonstrated that over 90% of Central Bank staff are able to effectively access documents. For more details on this please read [here](#).

CENTRAL BANK QUARTERLY UPDATE JULY 2020 ISSUE

The Central Bank quarterly update issued July 2020 outlines that COVID-19 has caused a very sudden and severe contraction in economic activity across the world, as a global health pandemic has quickly become a global economic crisis. The speed and scale with which this unfolded has been unprecedented and has posed an unparalleled challenge to governments and policymakers everywhere. Please click [here](#) for full quarterly bulletin.

UPCOMING EVENTS

BFSB AGM

September 30th, 2020
(details to follow)

MARKETING UPDATES

International Investment
[2020 Special Bahamas Report](#)

Opalesque Roundtable
opalesque.com

Captives Insurance Times
Opportunities and Trends for Bahamas Captives

International Investor
[Bahamas Feature](#) - Pages 12 - 13

DOMESTIC UPDATES

Concluded



PROTOCOLS FOR ENTRY TO THE BAHAMAS

All passengers must apply at <https://travel.gov.bs/> (click on the International Tab) for a Bahamas Health Visa and upload a COVID 19 test which displays the following characteristics:

- RT PCR test (not an antigen test nor a antibody test)
- A negative result
- Valid for 10 days from the date the specimen was provided
- Name and address of the accredited lab where test was performed

For US based travelers, an accredited lab can be found [here](#). Once at the webpage, scroll down to Advanced Search, click on Show and type in the zip code in which the traveler wishes to perform the coronavirus test. All accredited labs in the requested zip code are listed. For all travelers from other countries, labs that have been accredited by the local medical health officials should be used. The only applicants for a Bahamas Health Visa that are not required to provide a COVID 19 test are:

- Children under the age of ten (10)
- Pilots and crew who remain overnight in The Bahamas

No longer will exemptions exist for citizens and residents who make short trips overseas. Please access [this link](#) for further information on protocol as it relates to quarantine, commercial and private aircraft, boats and yachts.



PLANS FOR VAT HOLIDAY BEING FINALIZED

The government is finalizing plans for the value-added tax (VAT) holiday which was slated to take place over a two-week period next month. The government was initially eyeing the first two weeks of August for the tax break, jumpstarting the busy back-to-school shopping period. However, with a second surge in COVID-19 cases and most schools pushing their opening dates back, the time of the VAT holiday has changed.

“The government is still planning on going forward with the holiday. It’s just that we’re finalizing plans. The rules and guidelines remain the same, but the timing of it has not yet been set because obviously we’re waiting on the Ministry of Education and some of the private schools. As we get the time firmed up probably within the next week or so, or shortly thereafter you’ll get an announcement” says Financial Secretary Marlon Johnson.

The initiative allows for the removal of taxes on school supplies, clothing and select food items for the two weeks leading to the reopening of schools. It was touted as being able to provide millions of dollars in savings in aggregate for parents across the country, as they prepare students to return to school. The tax exemption only applies to items that are bought inside the country and not those that are imported. For more on this story click [here](#).



ERC RECEIVES NEARLY 300 RECOMMENDATIONS ON COVID-19 RECOVERY

The Economic Recovery Committee (ERC) has received nearly 300 recommendations on how to help The Bahamas recover from the COVID-19 economic crisis and become more resilient, says the committee’s co-chair Marlon Johnson. The ERC has been charged with finding solutions to supplement economic growth and help the country to emerge from the COVID-19 pandemic stronger than before.

The ERC has been hosting a series of virtual town hall meetings highlighting its ten subcommittees that cover the economic spectrum including digitization, tourism and the orange economy, structural reform, healthcare and social capital, agriculture, fisheries and manufacturing; family island development, labor and education, financial services and commerce and entrepreneurship. The ERC is expected to present a full report on its recommendations to the government by early September.

For more details on this read [here](#).

INTERNATIONAL INITIATIVES



ADVISORY ON THE FINANCIAL ACTION TASK FORCE-IDENTIFIED JURISDICTIONS WITH ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM DEFICIENCIES

As part of the FATF's listing and monitoring process to ensure compliance with its international AML/CFT standards, the FATF identifies certain jurisdiction as having strategic deficiencies in their AML/CFT regimes. Financial institutions should consider the FATF's statements when reviewing their obligations and risk-based policies, procedures, and practices with respect to the jurisdictions noted as being under increased monitoring: Albania, The Bahamas, Barbados, Botswana, Burma (Myanmar), Cambodia, Ghana, Iceland, Jamaica, Mauritius, Mongolia, Nicaragua, Pakistan, Panama, Syria, Uganda, Yemen, and Zimbabwe. This statement called upon its members and urged all jurisdictions to impose countermeasures on Iran and the Democratic People's Republic of Korea (DPRK) to protect the international financial system from the significant strategic deficiencies in their AML/CFT regimes. Read more [here](#).

FATF PRIVATE SECTOR BUSINESS BULLETIN

Private sector plays an important role in effectively detecting and preventing misuse of the financial system for money laundering, terrorism or the proliferation of weapons of mass destruction. Specifically, for private sector, the FATF regularly produces a brief update that highlights the FATF's decisions and new products that are particularly relevant to them. Click [here](#) to view the most recent editions of the Private Sector Business Bulletin.

FATF PLANS TO STRENGTHEN GLOBAL SUPERVISORY FRAMEWORK FOR CRYPTO EXCHANGES

The Financial Action Task Force (FATF), whose advice is heeded by more than 200 countries, will meet in October, 2020 to discuss ways to create a stronger global framework for the regulation of cryptocurrencies.



OECD PRESENTS INTERNATIONAL TAX UPDATE TO G20 FINANCE MINISTERS

The emergence of the COVID-19 pandemic has upended daily life as countries attempt to protect the health of their citizens and mitigate the economic fallout from the ongoing crisis. In responding to this crisis, the tax agenda is more relevant than ever. First, fiscal measures – in particular tax-related measures – have played and will continue to play a critical role as countries continue to navigate their way through the COVID-19 crisis. Effective tax policy responses in the recovery phase will provide countries with essential tools to face the upcoming challenges arising from the current crisis. Second, there remains a pressing issue that has been on the table for more than seven years: reaching a multilateral, consensus-based solution to the tax challenges arising from the digitalization of the economy amongst the 137 members of the G20/OECD Inclusive Framework on BEPS. Secretary-General Angel Gurría briefed the G20 Finance Ministers on ongoing negotiations to address the tax challenges of digitalization and on recent international tax developments. Access the full report [here](#).

In a report to the G-20 finance ministers and central bank governors, the international financial watchdog said regulators need to cooperate to make measures such as the Travel Rule more effective.

As such, the organization will work to develop an international framework for authorities to coordinate and share information about virtual asset service providers (VASPs). As defined by FATF, a VASP is an open-ended term for crypto exchanges and peer-to-peer services as well as wallet providers and custodians.

It can also include any business that trades or transacts in digital assets. This would make the global regulation of cryptocurrencies and stablecoins, in particular, more effective, FATF said. Read more [here](#).

OECD RELEASES NEW ACTION 14 PEER REVIEW REPORTS

The OECD has released peer review reports reviewing nine territories' progress towards implementing the BEPS Action 14 standard, on improving tax dispute resolution. The peer review process is conducted in two stages: stage one seeks to evaluate implementation of the Action 14 minimum standard for Inclusive Framework members, and stage two will monitor how countries respond to recommendations resulting from stage one. New stage one peer review reports for Andorra, The Bahamas, Bermuda, the British Virgin Islands, the Cayman Islands, the Faroe Islands, Macau, Morocco, and Tunisia contain some 185 targeted recommendations. The territories' progress on implementing these recommendations will be the subject of a second peer review report. The OECD's Action 14 recommendations concern making dispute resolution mechanisms more effective, looking specifically at countries' mutual agreement procedure (MAP) frameworks, which are used to settle disputes between countries and taxpayers concerning cross-border tax arrangements for trade and investment where double taxation of the same income occurs. Read [here](#).



EU FIGHT AGAINST TERRORISM: TERRORIST LIST RENEWED FOR A FURTHER SIX MONTHS AND ONE PERSON ADDED TO THE ISIL/DA'ESH AND AL-QAIDA LIST

The European Council renewed the so-called EU terrorist list, which sets out the persons, groups and entities subject to restrictive measures aimed at combating terrorism. Persons, groups and entities on the list are subject to the freezing of funds and other financial assets in the EU. It is also prohibited for EU operators to make funds and economic resources available to them. The EU terrorist list is reviewed at regular intervals and at least once every six months. The latest biannual review has resulted in a list containing 14 persons and 21 entities. Read more [here](#).