

## DOMESTIC UPDATES

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

## INTERNATIONAL NEWS

Regional and international initiatives and news of relevance to industry stakeholders

## MARKETING UPDATES & EVENTS

Planned marketing initiatives and key dates of upcoming events

### MESSAGE FROM THE CEO:

## FINDING THE NEW NORMAL



Dear Members,

Since our last issue, we have been actively engaged with stakeholders with respect to the impact of the Emergency (COVID19) Orders on financial services operations, the classification of exempt

businesses and the number of persons allowed in offices. We are pleased that many more of our member firms and the industry associations which make up the Board have been able to resume business operations. It is noteworthy that The Central Bank of The Bahamas has released summary results from a survey of internationally active banks and trusts, in regard to operational impacts since March 2020 from the COVID-19 pandemic. The results from the survey are reassuring. The results indicate 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.

As we move forward in a COVID19 “new normal” environment, jurisdictional competitiveness and the development of potential growth areas within our sector will be critical. BFSB and AIBT continue our collaboration to ensure that we stay abreast of the various international initiatives impacting the sector for our members providing feedback on policy and legislative matters.

We would welcome hearing from you and would love your insights on how best to position our industry for continued sustainability. Further, if there is any matter that you require clarification on or should you need our assistance please contact us at: [info@bfsb-bahamas.com](mailto:info@bfsb-bahamas.com).

We hope that you will find our latest newsletter informative.

**Tanya McCartney**, CEO & Executive Director

### DOMESTIC UPDATES

## Securities Commission of The Bahamas Public Notice: “No Action” Extension of Statutory Deadline for IFA, 2019

Pursuant to section 24 and 26 of the IFA, 2019 as amended by the Investment Funds (Amendment) Act, 2020, licensed investment funds must appoint an investment fund manager registered with the Commission upon the commencement of operations as a regulated investment fund. Further, section 166 of the IFA, 2019, as amended by the IFA (Amendment) Act, 2020, requires that all investment fund managers, managing an investment fund prior to the commencement of the IFA, 2019, apply for registration within twelve months of the commencement of the Act.

While the Commission will not seek to amend the legislation to further extend the transition period, the Commission hereby advises that it will not pursue any sanctions, disciplinary and/or other enforcement action against any person unable to comply with section 166 provided that the required application is made on or before 30th November, 2020. Failure to comply on or before 30th November, 2020 may result in enforcement action. Click [here](#) to view the notice.

## FIU Notice to All Money Laundering Reporting Officers

The Financial Intelligence Unit (FIU) of The Bahamas on August 24th issued a notice to all Money Laundering Reporting Officers (MLROs) of entities that are defined as a “Financial Institution” pursuant to section 3 of the Financial Transactions Reporting Act, 2018, to take note that the United Nation Security Council concerning the Democratic Republic of the Congo has amended the list entry of two individuals and three entities on its sanctions list. These individuals and entities are subject to asset freezes and travel bans.

All financial institutions are asked to take all appropriate action to ensure full compliance with the provisions of the Act. Financial institutions are required to review its client database against the information in the attached documents. Any positive returns should as soon as practicable be submitted to the Financial Intelligence Unit and negative returns should also be submitted for record keeping purposes. All declarations should be addressed to the Director of the FIU. Click [here](#) to view notice.

## DOMESTIC UPDATES

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### NOTICE ON COMPLIANCE WITH SECTION 7 OF THE COMMERCIAL ENTITIES (SUBSTANCE REQUIREMENTS) ACT, 2018 (“CESRA”) AS A CONSEQUENCE OF COVID-19 RELATED TRAVEL AND/OR OTHER RESTRICTIONS

In light of the COVID-19 pandemic, the following temporary framework has been put in place to provide clarification to included entities on compliance with the direction and management test of CESRA.

Where an included entity's operating practices have been adjusted as a result of the COVID-19 pandemic, such entity will not be regarded as having failed the direction and management test in instances where it is not possible or feasible to hold a meeting of the Board of Directors physically in The Bahamas due to COVID-19 related travel and/or other restrictions (whether within The Bahamas or otherwise). In such instances, a virtual meeting will be sufficient subject to specifications set out in the Notice issued. Click [here](#) to view notice.

#### — STAY UP TO DATE —

For financial services sector news visit [bfsb-bahamas.com](https://bfsb-bahamas.com) and follow BFSB on [Facebook](#) and [LinkedIn](#).



### CENTRAL BANK OF THE BAHAMAS: PRESERVATION OF UNEMPLOYMENT BENEFITS AND GOVERNMENT ASSISTANCE PAYMENTS FROM USE FOR LOANS PAYMENTS

The Central Bank has taken note of public concerns that unemployment benefits and equivalent government assistance payments for COVID-19 relief, might involuntarily be applied to loan payments when sent directly to deposit accounts. The Central Bank has therefore requested that commercial banks and credit unions maintain adequate systems to preserve COVID-19 income replacement proceeds for their intended social safety net use. Financial institutions have also been requested to communicate with their clients, through accessible public channels, on the processes that have been established for recipients to recover proceeds that were involuntarily applied to other purposes. Recipients of unemployment benefits and assistance are urged to have payments sent directly to their deposit accounts, and to request correct guidance from their financial institutions on how to specify their account numbers. Read more [here](#).

### CENTRAL BANK MONTHLY ECONOMIC AND FINANCIAL DEVELOPMENTS (MEFD) FOR JULY 2020

On Monday August 31st, 2020 the Central Bank published its monthly update. Domestic

economic developments for the month of July continued to be dominated by the Novel Coronavirus (COVID-19) pandemic. Tourism remained largely offline, adversely impacted by globally imposed travel restrictions, which resulted in the high value-added air segment and sea traffic grounding to a halt. However, the restart of foreign investment-led projects and post hurricane reconstruction work provided some stimulus to the construction sector.

Meanwhile, both the decrease in foreign exchange purchases and the contracted volume of electronic payments transactions, underscored the significant reduction in domestic consumption expenditures during the review period. In the monetary sector, the growth in bank liquidity slowed, as the rise in domestic credit, mainly to the public sector, outweighed gains in the deposit base. Further, external reserves contracted during the review month, largely reflecting the falloff in foreign currency inflows from real sector activities. Read more [here](#).

### CENTRAL BANK QUARTERLY STATISTICAL DIGEST AUGUST 2020

QSD August 2020 was published on August 31st, 2020. For a complete viewing of monetary, financial, fiscal and real sector statistics through June 2020. Read more [here](#).

#### UPCOMING EVENTS ▼

##### BFSB Annual General Meeting (via Zoom)

September 30th, 2020

#### REPORTING OBLIGATIONS ▼

##### FATCA & CRS PORTAL

##### Portal Opening for FATCA & CRS-AEOI Registration & Submission

The Bahamas Competent Authority advises that the AEOI Portal will open for FATCA & CRS-AEOI Registration & Submission on Monday, August 17th at 9am EDT and close on Wednesday, September 30th, 2020 at 5pm EDT.

Please refer to: <https://www.taxreporting.finance.gov.bs>

##### CESRA (SUBSTANCE) REPORTING

The CESRA (Substance) Reporting portal is now online and active.

Visit: <https://substancereporting.revenue.gov.bs/>



## DOMESTIC UPDATES

CONCLUDED



### PUBLIC NOTICE: NEW ONBOARDING REQUIREMENTS FOR GENERAL INSURANCE

In accordance with sections 25-30 of the Financial Transactions Reporting Act, 2018 (FTRA), general insurers are required to report suspicious transactions to the Financial Intelligence Unit (FIU). Additionally, the Insurance Act, 2005 empowers the Insurance Commission of The Bahamas to ensure compliance with the FTRA and impose administrative and monetary penalties breaches of legislative and regulatory requirements. Insurers, in conjunction with their agents and brokers, are now obliged to conduct Customer Due Diligence (CDD) and Know Your Customer (KYC) procedures in their business interactions with clients/policyholders. General insurers and their intermediaries are mandated to obtain pertinent information from their policyholders to comply with these new requirements.

In light of the foregoing, the Bahamas Insurance Association (BIA), in accordance with the guidelines of Insurance Commission of The Bahamas, wishes to advise clients that with effect from September 1, 2020, all insured individuals and corporate entities will be required to do the following at a minimum:

- Complete an Individual/Corporate Client KYC Form at the time of a new application or renewal.
- Individual clients must provide a copy of one of the following KYC documents: valid Passport OR valid Driver's License OR NIB Smart Card
- Corporate Clients must provide copies of the following KYC documents: Certificate of Incorporation AND current Business License OR Certificate of Good Standing

Additional information and documentation may be required based on the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CTF) risk rating assigned to a policyholder.



### Q4 BUDGET IMPACT SEVERE BUT EXPECTED BASED ON HISTORIC ECONOMIC CRISIS

The Bahamas continues to feel the impact of the worst global economic crisis in modern history, and the Government is actively responding consistent with the budget plan for Fiscal Year 2020/21. The focus remains on funding critical government services, public health and social safety needs in particular, as well as the prudent management of the Government's fiscal resources. Preliminary data on the budget performance for FY2019/20 shows the dramatic impact of Hurricane Dorian and the Coronavirus (COVID-19) global pandemic on the fiscal performance. The deficit saw an estimated threefold increase to \$788.1 million, from \$219.3 million in the previous year, when the Government then achieved the lowest fiscal deficit in over a decade. Read more [here](#).

### WORKPLACE GUIDELINES DURING COVID-19 AND LATEST ORDERS

COVID-19 has significantly impacted businesses and the economy. The Ministry of Health is assisting business owners to adjust their work environments to make them COVID-19-ready to accommodate patrons and permit employees to safely return to work in a healthy environment. Businesses can now:

- Download and view the [Ministry of Health - Workplace Guidelines During COVID-19](#) document;
- Click on the link and fill out the COVID-19 Workplace Assessment Tool (Parts 1 and 2);
- Attach and submit the same to [covidvirtual@bahamas.gov.bs](mailto:covidvirtual@bahamas.gov.bs) with the business name in the subject line; and
- Receive a score and risk level within forty-eight (48) hours

The latest Emergency Order which outlines operating requirements for businesses in our sector can be viewed [here](#).

## INTERNATIONAL NEWS



### ADDRESS BY THE FATF PRESIDENT TO THE GAFILAT VIRTUAL PLENARY MEETING

In the past few months, the FATF mapped out illicit finance risks linked to the pandemic. Criminals are changing behavior. Online fraud and cybercrime are on the rise. Criminals are also taking advantage of economic stimulus packages. These are unacceptable costs to society. Leaders are reminded to keep the fight against financial crime very high on the political agenda. The FATF Standards give Governments an arsenal of measures to prevent money laundering, detect and punish criminals. Now, more than ever, we need to ensure that national authorities can take effective actions which lead to tangible results – criminal convictions, and the seizure and confiscation of funds.

As our economies become more digitalized, we need to study in more detail how law enforcement agencies, supervisors, and the private sector can benefit from new technologies and how we can make our whole AML system more effective. At the same time, we need to protect from misuse of such technologies – the FATF has already started this by establishing new standards on Virtual Assets. The FATF relies on its regional partners to implement its Standards globally, and therefore will continue to support your efforts at regional level to strengthen the Global Network and the FATF-Style Regional Bodies. Read more [here](#).

### WOLFSBERG GROUP STATEMENT ON DEVELOPING AN EFFECTIVE AML/CTF PROGRAMME

The Wolfsberg Group published a statement on Developing an Effective Anti-Money Laundering (AML)/Counter-Terrorism Financing (CTF) Programme. The document outlines steps that Financial Institutions (FIs) can take to evolve their AML/CTF regimes to meet the key elements of an effective programme. Read more [here](#).



### UN COMMITTEE PROPOSES NEW MODEL TREATY ALTERING TAXATION OF AUTOMATED DIGITAL SERVICES

While most nations remain divided on how to tax the digital economy, the United Nations has introduced a proposal, in the form of Article 12B (Income from Automated Digital Services), possibly in a bid to unite the disgruntled nations (particularly, the developing countries) which have chosen the unilateral path of adopting different forms of taxes to deal with digital businesses.

Most have intentionally kept such digital taxes outside the ambit of their local tax laws to avoid tax treaty obligations. Whether such taxes can still be eligible for tax treaty benefits under the definition of substantially similar taxes or by invoking a non-discrimination clause in tax treaties is a different argument altogether and is not a part of this discussion. Read more [here](#).



### UNPRECEDENTED FALL IN OECD GDP BY 9.8% IN Q2 2020

Following the introduction of COVID-19 containment measures across the world since March 2020, Real gross domestic product (GDP) in the OECD area showed an unprecedented fall, by (minus) 9.8%, in the second quarter of 2020, according to provisional estimates.

This is the largest drop ever recorded for the OECD area, significantly larger than the (minus) 2.3% recorded in the first quarter of 2009, at the height of the financial crisis. Read more [here](#).



### IOSCO EXAMINES THE EVOLUTION OF LIQUIDITY PROVISION IN EQUITY SECURITIES MARKETS

The Board of the International Organization of Securities Commissions (IOSCO) today published a report that explores how liquidity provision has evolved in equity securities markets in recent years. The report, titled Liquidity Provision in the Secondary Markets for Equity Securities, identifies some of the key elements of market making programs that may help promote the provision of liquidity, strengthen investor confidence and foster fair and efficient markets. Read more [here](#).

#### MARKETING INITIATIVES ▼



**GATEWAY Magazine Publication**  
October 2020

**ALSO: STEP Bahamas Supplement**  
November 2020



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