

**DOMESTIC
UPDATES**

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

**INTERNATIONAL &
REGIONAL NEWS**

Regional and international initiatives and news of relevance to industry stakeholders

MESSAGE FROM THE CEO: NEW DIRECTORS HELPING CHART THE WAY FORWARD



Dear Members,

Since our last newsletter there have been quite a few developments. We hosted our Annual General Meeting on September 30 and welcomed a new

slate of directors and executive committee members. We congratulate our new directors on their appointment. The new executive committee is comprised of committed and experienced professionals in the sector:

1. **Chairperson: Mr. Kevin Moree**
Partner, McKinney Bancroft & Hughes
2. **Vice-Chairperson: Mrs. Latonia Symonette-Tinker**
Principal & Founder, Bayshore Group
3. **Treasurer: Mrs. Angela Butler**
Vice President & CFO, Credit Suisse

4. **Assistant Treasurer: Miss Deidree Bain**
Managing Director, Suntera Global (previously SMP Partners and RBC Wealth Management)
5. **Secretary: Fareda Sands, CAMS**
Acetop Global Markets Limited
6. **Assistant Secretary: Miss Kelli Ingraham**
Attorney, Holowesko Pyfrom Fletcher

On October 1, 2020 The European Union's AML listing took effect. This should not be confused with the EU's tax blacklisting from which The Bahamas was in February of this year. With respect to the recent EU AML listing which was predicated on our current FATF grey listing, it is important to note that in February 2020, following submission of The Bahamas' fourth progress report in December 2019 to the FATF and the desktop review of same with supporting documentation by the ICRG, The FATF deemed that The Bahamas had made substantial progress towards addressing the 'Action Plan' items and approved an onsite review to verify the

actions taken. The agreed date for the onsite review was the week of the 28th April 2020. However, the COVID19 pandemic precluded this.

BFSB and AIBT actively engaged with The Competent Authority on this matter and collaborated with the National Identified Risk Framework Coordinator to ensure that industry was armed with the facts in terms of the initiatives taken to address FATF concerns. The detailed update on the significant strides made in the fight against financial crime is outlined in this newsletter. This can be shared with international partners as it reflects the current state of affairs in relation to our AML/CFT regime.

We continue to monitor local, regional and international initiatives impacting the sector and trust that you will find this issue of the newsletter informative.

—
Tanya McCartney, CEO & Executive Director

DOMESTIC UPDATES ▾

The Bahamas Makes Significant Strides in Fight Against Financial Crime: Update on The Bahamas' National Identified Risk Framework

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. View full briefing document [here](#).



CENTRAL BANK OF THE BAHAMAS MARKET NOTICE: CHANGES TO BAHAMAS REGISTERED STOCK ADMINISTRATION

Prospective and existing investors should note the following changes to the administrative processes for Bahamas Registered Stock (bond) activities:

- a. Investors will no longer receive physical certificates following Initial Public Offerings. Transaction confirmations showing the amount purchased, the certificate number, and other details, will be sent to each participant's email address of record within 3-5 business days following the settlement date.

- b. Surrendering physical certificates is no longer required for transactions such as bond transfers and early redemptions. Requests can be made by completing the appropriate [form available online](#) and returning it by email to domesticdebt@centralbankbahamas.com.
- c. Principal payments are now automatically paid to the investor's bank account of record. There is no longer a need to deliver physical certificates to the Central Bank or send in images by email.
- d. To maintain the health safety of our employees required to work from the Central Bank's physical location, members of the public are, generally, not permitted to enter the building. Instructions on completing application forms and making payments can be found online [here](#).

Click [here to view](#) the notice.



SECURITIES COMMISSION OF THE BAHAMAS PUBLIC NOTICE: FOUNDATION FAMILY SOU SOU OR AFRICAN SOU SOU

It has been brought to the attention of the Commission that there is an increasing presence on social media and other internet sites, of advertisements or invitations to members of the general public to join purported financial programs in which an individual pays a certain sum of money to join the program then in turn must solicit and encourage other individuals to join the financial program, in order to receive a large cash pay-out.

The Commission is advised that in recent weeks, a group calling itself 'Foundation Family Sou Sou' based in the United States of America, has launched a financial program they claim is linked to traditional African sou sou. The financial program has been deployed in this jurisdiction under the names 'Fire Starter', 'Magnolias Jr.', 'The Winning Team', 'Ujamma Family & Friends Share Plan', '242 Financial Partners' and 'Everybody Eats'. This program, in its various forms, carries the same characteristics of fraudulent Ponzi and/or pyramid schemes.

The Commission hereby advises that the activity of any of the names listed above, or their agents or consultants, should be viewed as very high-risk and unsafe. Members of the general public are asked to exercise caution before participating in "get rich quick" programs and are encouraged to visit the Commission's website at www.scb.gov.bs and review our tips to avoid fraudulent investment programs. Click [here to view](#) notice.



CENTRAL BANK OF THE BAHAMAS NOTICE: THE SAND DOLLAR IS ON SCHEDULE FOR GRADUAL NATIONAL RELEASE TO THE BAHAMAS IN MID-OCTOBER 2020

The Central Bank of The Bahamas will gradually release a digital version of the Bahamian dollar nationally, outside of the pilot regions of Exuma and Abaco, through authorized financial institutions (AFIs), beginning on 20th October, 2020. Project Sand Dollar is a continuation of The Bahamas' Payments Systems Modernization Initiative (PSMI), which began in the early 2000s. Engagement and outreach with key private stakeholders will intensify in the months ahead, extending into the first quarter of 2021.

The second phase of national engagement will target Government services and public utilities, becoming more intensive over the course of the first and second quarters of 2021. The intended outcome of Project Sand Dollar is that all residents in The Bahamas would have use of a central bank digital currency, on a modernized technology platform, with an experience and convenience – legally and otherwise – that resembles cash. It is expected that this will allow for reduced service delivery costs, increased transactional efficiency, and improved overall level of financial inclusion. Click [here to view](#) notice.

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

On Monday 28th September, 2020 the Central Bank published its monthly update. Domestic economic activity during the month of August continued to be driven by the Novel Coronavirus (COVID-19) pandemic. As globally imposed travel restrictions persists, impeding the tourism sector, both the high value-added air and sea segments remained largely eliminated. However, the resumption of ongoing foreign investment-led projects and post-hurricane rebuilding works, provided some impetus to the construction sector.

On the fiscal front, Government's budgetary operations for FY2019/20 showed a considerable increase in the deficit, reflective of a falloff in total revenue and an expansion in aggregate outlays, underpinned by the occurrence of the two major economic shocks, the storm and COVID-19, during the fiscal year. Monetary developments were marked by a build-up in bank liquidity, as the decline in domestic credit outpaced the contraction in the deposit base. Further, external reserves increased, primarily attributed to the Government's external borrowing activity. Read more [here](#).

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TAX RESIDENCY CERTIFICATE SET TO LAUNCH BY YEAR-END 2020

The Hon. Elsworth Johnson, Minister of Financial Services, Trade and Industry and Immigration, announced at the Bahamas Financial Services Board's virtual Annual General Meeting that the long-awaited Tax Residency Certificate (TRC) product will be launched by year-end 2020 in a bid to ease pressures on The Bahamas and its permanent residents. Read more [here](#).

THE REGISTER OF BENEFICIAL OWNERSHIP (AMENDMENT) ACT, 2020

The Register of Beneficial Ownership (Amendment) Act, 2020 came into force on 30th September, 2020. The Amendment provides for the specific inclusion of the Non-Profit Organization limited by Shares ("NPO") and the Segregated Accounts Company ("SAC") in the definition of entities covered by the Act. While it can be argued that a SAC would have already been within the scope of the Act on the basis that a SAC is either an IBC or a Companies Act company, the Government felt that it was important to expressly state that SACs were included, given that the intrinsic operation of a SAC could be viewed as a vulnerability to our anti-money laundering framework with respect to the identification of beneficial owners.

The Act also clarifies the definition of beneficial owner with respect to NPOs and Partnerships (Common Law Partnerships, Limited Liability Partnerships and Exempted Limited Partnerships). The Act further imposes a duty on the Registrar General to provide beneficial ownership information in those cases where a legal entity does not have a registered agent. View Amendment Act [here](#).

THE BAHAMAS MUST COMPLY WITH THE RULES THAT GOVERN OPERATING IN THE GLOBAL FINANCIAL ECOSYSTEM

Deputy Prime Minister and Minister of Finance the Hon. K. Peter Turnquest stated that oftentimes, in response to The Bahamas' adoption of international financial standards, it is accused of simply acquiescing to the "diktat" of advanced economy countries by those who do not know (and sometimes by those that should know and do know) of the real damage that just the mere whisper of the possibility of a blacklisting can do to the nation's financial services industry and by extension, to its economy at large.

However, it is simple to explain why this must be done, DPM Turnquest said during his Contribution to the Debate on the Amendment to the Register of Beneficial Ownership Act in the House of Assembly on Wednesday, September 23, 2020.

“ If The Bahamas is to remain in the global financial ecosystem, we must comply with the rules that govern operating in that environment. If only to be able to support (a) our arguments on the legitimacy of our industry and (b) to decry the use of blacklists and other punitive actions by certain countries to coerce us to implement measures that expand the parameters of the accepted standards, and (c) to demand that the global standards be equitably applied against all participants in the global financial arena.”

Read more [here](#).

INTERNATIONAL & REGIONAL NEWS ▾



CAYMAN ISLANDS COMPANIES REGISTER NOW OPEN TO THE PUBLIC

The Cayman Islands' registers of companies and limited liability companies (LLCs) are open to public inspection from 1st October, 2020. Under the Companies (Amendment) (No.2) Law 2020, anyone can search the registers on payment of a fee of USD61. These laws were introduced in response to the Financial Action Task Force recommendation that certain basic information for legal entities be made publicly searchable. The same recommendations are being adopted globally, for example under the European Union's Fifth Anti-Money Laundering Directive (5AMLD).

The information available on Cayman Islands companies includes the company name; the location of its registered office; its share capital; names and addresses of its initial shareholders or members and the amount of their subscription; the execution and filing dates of its memorandum of association; company number; the nature of its business and the date of its financial year-end. Read more [here](#).

INTERNATIONAL TAX: EU WATCHDOG CALLS FOR TAX DATA SHARING POWERS TO COMBAT FRAUD

Securities and tax regulators should have new powers to share information for cracking down on fraudulent tax reclaim schemes, says the European Union's markets watchdog.

The European Securities and Markets Authority (ESMA) made the recommendation in its final report to the European Parliament into frauds whereby investors engineer share trades to make bogus tax reclaims from phantom dividends. Read more [here](#).



BVI: GOVERNMENT COMMITS TO 'PUBLICLY ACCESSIBLE REGISTERS'

The British Virgin Islands government has officially announced its commitment to the implementation of public registers of beneficial ownership in the territory, despite “reservations”. Premier Andrew Fahie said: “Your government commits to working in collaboration with Her Majesty’s Government towards a publicly accessible register of beneficial ownership for companies, in line with international standards and best practices as they develop globally and, at least, as implemented by EU Member States by 2023 in furtherance of the EU Fifth Anti-Money Laundering Directive (AMLD5).”

Read more [here](#).

US: COMPLIANCE DRIVE BEGINS AGAINST BENEFICIARIES OF UNREPORTED FOREIGN TRUSTS

Some US taxpayers will soon receive letters from the Internal Revenue Service under a new audit campaign aimed at those who have not filed annual declarations of their ownership of, and transactions with, foreign trusts on Forms 3520 and 3520-A. Both forms are informational only and do not report tax liability, but the failure to file either can trigger substantial penalties of up to 100 percent of the value of the unreported transaction, even if there is no unreported income attributable to it.

Read more [here](#).

U.S. FINCEN LEAKS TO HAVE “CHILLING EFFECT” ON FIGHT AGAINST FINANCIAL CRIME, SAY AML EXPERTS

Leaks from the U.S. financial intelligence unit will have a devastating effect on the trust and confidentiality that underpins the anti-money laundering (AML) profession, financial crime experts said. Businesses that file suspicious activity reports (SARs) will be deeply concerned about the exposure of their compulsory and legally protected filings, said sources with experience in both the private sector and law enforcement.

Read more [here](#).

INTERNATIONAL TAX: OECD SEES SOLID BASIS FOR FINALIZING GLOBAL TAX TALKS

Global talks to update international tax rules for the digital age now have a “solid basis” to be wrapped up providing the United States and Europe the necessary political leadership, the OECD’s head of tax Pascal Saint-Amans said on Tuesday 22nd September, 2020 during an online address to Ireland’s Institute of International and European Affairs. Pascal Saint-Amans said the OECD would publish technical blueprints on October 12 for agreements on how to tax big digital companies across borders and for global minimum corporate tax. With the blueprints due to be discussed by G20 finance ministers at an Oct. 14 meeting, the aim has been to reach an agreement before the end of the year. With the U.S. elections near, it appears that Washington is having cold feet about signing up to a new international agreement. In the meantime, France has accused the United States of seeking to undermine the talks among nearly 140 countries and urged Europe to prepare an EU-wide digital services tax early next year if the negotiations stall. However, Saint-Amans said whoever wins the U.S. presidential election in November, he was confident the next administration would take up the issue as a priority. “It is a topic which is now on the radar screen of politicians and will be on the radar screen of whatever administration we have in the U.S.,” he said. Read more [here](#).

EU CALLS FOR ACTION TO CLAMP DOWN ON HARMFUL TAX COMPETITION

The European Parliament has repeatedly called for EU action to clamp down on harmful tax competition and aggressive tax planning and to tackle tax havens, for fairer and more effective taxation and to reduce the risk of money laundering. The Commission has pushed an ambitious agenda to improve tax good governance and clamp down hard on tax abuse, in the EU and beyond. The European Commission issued a communication as part of a Tax Package for fair and simple taxation supporting the recovery of the EU, which includes a Communication for an Action Plan that presents a number of upcoming initiatives

COUNTRY-BY-COUNTRY REPORTING – COMPILATION OF PEER REVIEW REPORTS (PHASE 3)

Under the Action 13 Minimum Standard, jurisdictions have committed to foster tax transparency by requesting the largest multinational enterprise groups (MNE Groups) to provide the global allocation of their income, taxes and other indicators of the location of economic activity. This unprecedented information on MNE Groups’ operations across the world will boost tax authorities’ risk-assessment capabilities. The peer review of the Action 13 Minimum Standard is proceeding in stages with three annual reviews in 2017, 2018 and 2019. The phased review process follows the phased implementation of CbC Reporting. Each annual peer review process will therefore focus on different aspects of the three key areas under review: the domestic legal and administrative framework, the exchange of information framework, and the confidentiality and appropriate use of CbC reports. This third annual peer review report reflects the outcome of the third review which considered all aspects of implementation. It contains the review of 131 jurisdictions which provided legislation or information pertaining to the implementation of CbC reporting. Click [here to view](#) the Peer Review Reports.

in the field of direct and indirect taxation concerning the fight against tax fraud and the simplification of tax regimes, as well as a legislative proposal to revise the directive on administrative cooperation.

1. Communication from The Commission To The European Parliament and the Council on Tax Good Governance in The EU and Beyond ([PDF](#))
2. Communication from the Commission to the European Parliament & Council ([PDF](#))
3. Annex to the Communication from the Commission to the European Parliament and Council: An Action Plan for Fair and Simple Taxation Supporting the Recovery Strategy ([PDF](#))