

**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



Dear Members,

We trust that you find this edition of our newsletter informative. We are pleased to advise that subsequent to the AGM, which was held on September 30th, the Board held its first meeting where a new executive were elected to lead The Bahamas Financial Services Board for the period 2020-2022. We congratulate the entire team which is committed to advocacy for the sector and promotion of the jurisdiction.

Since assuming office, the executive committee has met with the Minister of Financial Services, Trade & Industry and Immigration as well as the Hon. Attorney General. Matters raised included, improved efficiency in the delivery of services, the jurisdictional risk profile of the Bahamas and potential areas for growth for the financial services sector. We encourage all members to remain engaged as BFSB stands ready to assist in ensuring that the operating environment is conducive to the success of our member firms.

This newsletter provides updates on local regulatory developments and well as provides insights on key international initiatives which have implications for us.

Enjoy!

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**Tanya McCartney**  
CEO & Executive Director

**DOMESTIC UPDATES ▼****BAHAMAS: NEW LEGISLATION  
CRIMINALIZES FINANCIAL SCHEMES**

Pyramid, Ponzi, and other financial schemes will for the first time be criminalized as “long overdue” legislation will bring non-bank financial and corporate service providers in line with international standards and best practices.

The Financial and Corporate Service Providers Bill, 2020 which was tabled in Parliament on 4th November, 2020 by Deputy Prime Minister and Minister of Finance K. Peter Turnquest, will repeal and replace the Financial and Corporate Service Providers Act, 2000 and modernize the two-decade-old legal framework.

“With respect to protecting the industry and the reputation of the jurisdiction from the contagion of money laundering or abuse of terrorism financing, the Financial and Corporate Service Providers Bill, 2020, requires licensees to comply with the Financial Transactions Reporting Act, 2018 and the Anti-Terrorism Act, 2018,” Turnquest said.

The Bill criminalizes the promotion or marketing of financial schemes and empowers the Securities Commission to dissolve them where circumstances so warrant. It also empowers the Commission to investigate and enforce against persons engaged in financial schemes. Read more [here](#).

**LEGISLATION SETS OUT LEGAL  
FRAMEWORK FOR EXPANDED  
FINANCIAL TECHNOLOGY  
OFFERINGS AND OPPORTUNITIES**

On Wednesday, 4th November, 2020, The Bahamas moved one step closer to the issuance and trading of cryptocurrency while regulating the fast-growing digital currency regime with the tabling of the Digital Assets and Registered Exchanges Bill, 2020. The Bill sets out the legal framework for new, expanded financial technology offerings and opportunities in the financial services sector. In tabling the Bill on Wednesday, 4th November, 2020, Deputy Prime Minister and Minister of Finance Peter Turnquest noted that the approach espoused in the legislation is in keeping with the recommendations of the FATF. FATF recommends that for new business lines and the introduction of products based on new technologies, that the regulatory focus is on the products and the service providers, not the technology itself. In the case of digital assets, this means the regulatory focus would be on what FATF refers to as virtual assets and the virtual assets service providers. DPM Turnquest addressed the aspects built within the framework to mitigate against risks and maintain the integrity of local markets.

“Opportunities come with risks and threats, which must be understood and mitigated. The digital assets space is not exception. For example, distributed ledger technology has been notoriously abused by website hijackers, kidnappers and shadows of the dark web. The nefarious activities they sought to fund via crypto-asset abuse included terrorism funding and other organized criminal activity. These strong regulatory oversight, enforcement and intervention. Further, these assets and new scams involving them sometimes unduly harm, or outright defraud investors. The legal framework and regulation therefore must facilitate opportunity safely. The DARE Bill aims to do this, in the process empowering the Commission to have proper oversight of the industry,” he said. Click [here](#) to read more.

## DOMESTIC UPDATES ▾



## NEW BFSB EXECUTIVES &amp; DIRECTORS

- **Chairman – Mr. Kevin Moree**, Partner at McKinney Bancroft and Hughes (pictured above) and a member of the firm's Financial Services & Regulation, Litigation and Dispute Resolution and Tax & Trade practice groups.
- **Vice -Chairperson – Mrs. Latonia Symonette-Tinker**, Principal at The Bayshore Group and former consultant in The Ministry of Financial Services, Trade and Industry and Immigration
- **Treasurer – Mrs. Angela Butler**, Vice President and Chief Financial Officer at Credit Suisse Trust
- **Assistant Treasurer – Miss Deidree Bain**, Managing Director of Suntera Global
- **Assistant Secretary – Miss Kelli Ingraham**, Attorney at Holowesko Pyfrom Fletcher.
- **Secretary – Fareda Sands**, Compliance Consultant

## PERMANENT DIRECTORS

- **Tanya McCartney**  
BFSB CEO & Executive Director
- **Mrs. Deborah Watson**  
Director of Financial Services  
Ministry of Financial Services

## BFSB BOARD OF DIRECTORS FOR THE 2020-2022 TERM

- **Theresa Haven-Adderley**, Isles of Knight Trust Company
- **Deidree Bain**, Suntera (Bahamas)
- **Antoine Bastian**, Genesis Fund Services
- **Angela Butler**, Credit Suisse Trust
- **Anastacia Campbell**, Graham Thompson

- **Timothy Colclough**, JPMorgan Trust Company (Bahamas)
- **Linda Beidler-D'Aguiar**, Glinton Sweeting O'Brien
- **Arada Davis**, UBS Trustees (Bahamas)
- **Cira Davis**, Credit Suisse Trust
- **Nerissa Greene**, Halsbury Chambers
- **Kelli Ingraham**, Holowesko Pyfrom Fletcher
- **John Lawrence**, Windermere Corporate Management
- **Taran Mackey**, IPG Family Office
- **Kevin Moree**, McKinney Bancroft & Hughes
- **Portia Nicholson**, Higgs & Johnson
- **Fareda Sands**, Acetop Global Markets
- **Latonia Symonette-Tinker**, The Bayshore Group
- **Tiffany Jones-Williams**, FC Capital
- **George White**, Leno Corporate Services
- **Raquel Wilson**, Lombard Odier & Cie (Bahamas)
- **Igal Wizman**, EY Bahamas
- **Joneka Wright**, The Winterbotham Trust Company
- **Deborah Watson**, Government Representative

## REPRESENTATIVES OF PROFESSIONAL INDUSTRY ASSOCIATIONS

- **Shawn Forbes**, Association of International Banks & Trust Companies (AIBT)
- **Maria Dorsett**, Bahamas Association of Compliance Officers (BACO)
- **Kelli Ingraham**, Bahamas Bar Association (BBA)
- **Warren Rolle**, Bahamas Insurance Association (BIA)
- **Diveane Bowe**, Bahamas Institute of Chartered Accountants (BICA)
- **Andrew Rolle**, Bahamas Investment and Securities Business Association (BISBA)
- **Christine Wallace-Whitfield**, Bahamas Real Estate Association (BREA)
- **Kenia Nottage**, Chartered Institute of Arbitrators
- **Jerome Franks**, CFA Society Bahamas
- **Kendrick Brathwaite**, The Clearing Banks Association
- **Joann Pyfrom**, Society of Trust & Estate Practitioners (STEP)
- **Zelma Wilson**, Restructuring and Insolvency Specialist Association (RISA)



## CENTRAL BANK SIMPLIFIES ITS BASEL II &amp; III REGIME SECOND INDUSTRY CONSULTATION

The Central Bank of The Bahamas released for a ninety (90) day consultation period, its second Round of Industry Consultation on The Draft Bahamas Capital Regulations, 2020, and reforms to the Guidelines for the Management of Capital and the Calculation of Capital Adequacy ("the Capital Guidelines"). These reforms are targeted to build a more effective Basel III prudential framework that appropriately balances simplicity with proportionality, without generating disproportionate compliance costs to SFIs. The Consultation Papers set out the provisions for the new Capital Regulations, amendments to the Capital Guidelines and an Act to Amend the Central Bank of The Bahamas Act, 2020. The consultation period will end on 31st January, 2021. Comments or questions regarding the consultation paper should be directed to the Policy Unit, Bank Supervision Department via email at: [Policy@centralbankbahamas.com](mailto:Policy@centralbankbahamas.com). Click [here](#) to access the consultation package.

## CENTRAL BANK SURVEYS BAHAMIAN BUSINESSES AND ORGANISATIONS ON PAYMENT PRACTICES &amp; TRENDS

The Central Bank of The Bahamas is inviting local businesses and organisations to participate in its payment practices survey. The survey, which is highly confidential, invites firms and entities to share information on the range of digital and physical instruments used to make and receive payments inside The Bahamas. This covers a comparison of the prevalence of digital versus cash transactions. The survey also invites feedback on factors that have influenced the speed or ease at which businesses have adopted digital financial transactions. The results will be used to provide further input to the Bahamian payments system modernization initiatives, and to help to

**CENTRAL BANK cont'd**

prioritize interventions to reduce the use of cash and cheque instruments. Please use [this link](#) to participate in the survey. The survey responses deadline is 20th November, 2020.

**REMARKS BY THE GOVERNOR MONTHLY ECONOMIC AND FINANCIAL DEVELOPMENTS SEPTEMBER, 2020**

The COVID-19 pandemic continues to weigh negatively on the Bahamian economy. Delayed resumption of tourism has significantly deprived the economy of private sector foreign exchange inflows and employment, even though construction and foreign investment projects are providing impulses. It should be cautioned, that although the economy could experience moderate growth 2021, it would only be in comparison to the very restrained outcome of 2020.

As a result, fiscal challenges will remain very significant, and monetary policy priorities will have to stay focused on managing the reduced availability of foreign exchange from private sector activity and safeguarding the stability of the domestic financial sector. The Central Bank expects that there will be a continued reliance on public expenditures to stabilize the economy and that a prominent share of the deficit financing will have to be foreign currency. To read more of the Governor's full remarks, click [here](#).

**CENTRAL BANK LAUNCHES FINANCIAL LITERACY VIDEO ESSAY COMPETITION FOR STUDENTS**

The Central Bank of The Bahamas has launched its Financial Literacy Video Essay Competition for primary, junior, and secondary school students in The Bahamas, under the theme: "The ways in which we save are less important than how much we save." The competition is slated to become an annual Fall event. It is opened for entries through 4th December, 2020.

Students in the Primary, Junior High, and Senior High School divisions are invited to produce a three to five-minute video essay on a financial literacy related topic. Click [here](#) to view the competition rules.

**SECURITIES COMMISSION PUBLIC NOTICE: "NO ACTION" ON SPECIFIC REGISTRATION REQUIREMENT AND EXTENSION OF STATUTORY TRANSITION PERIOD FOR SECURITIES INDUSTRY (CONTRACTS FOR DIFFERENCES) RULES, 2020**

In light of the global Coronavirus pandemic, resulting in restrictions on business activity and movement within The Bahamas, the Commission advises of its policy as outlined below, regarding Rule 4 and Rule 35 of the Securities Industry (Contracts for Differences) Rules, 2020, with respect to:

- i. the specific registration requirement (Rule 4), and
- ii. the upcoming transition deadline of 25 November 2020 (Rule 35).

**REGISTRATION TO CARRY ON SECURITIES BUSINESS WITH RESPECT TO CONTRACTS FOR DIFFERENCES**

With regard to Rule 4 (specific registration required), the Commission is applying a "no action" policy, effective November 2020 until Friday 26th February, 2021. The Commission advises that during this "no action" period, the Commission will not pursue sanctions, disciplinary and/or other enforcement action against persons carrying on securities business in, or otherwise providing or marketing contracts for differences in or from The Bahamas who may not be in compliance with the CFD Rules provided such persons ensure the appropriate applications are made on or before 26th February, 2021, in order to be brought into compliance.

**Failure to comply on or before Friday 26th February, 2021 may result in enforcement action.**

**TRANSITION PROVISIONS**

Pursuant to Rule 35 of the CFD Rules, a firm registered to carry on activities listed in paragraph 1(a) of Part 2 of the First Schedule to the Securities Industry Act, 2011 that carried on securities business with respect to CFDs prior to the effect date of the rules (25th May 2020) is required to apply for registration in accordance with rule 6 within six months from the effective date of the rules.

While the Commission will not seek to amend the Rules to further extend the transition period, the Commission advises that it will not pursue any sanctions, disciplinary and/or other enforcement action against any person(s) unable to comply with rule 34, provided that the required application is made on or before 26th February 2021.

**Failure to comply on or before Friday 26th February 2021 may result in enforcement action. View notice [here](#).**

**CENTRAL BANK'S BANK LENDING CONDITIONS SURVEY JUNE 2020**

The Bank Lending Conditions Survey (BLCS) contains 12 questions on lending to the private sector, seeking information on the number of loan applications received, approved and denied, and therefore provides a perspective on the demand for credit. They are also asked about their views on changes in lending conditions one quarter to the next.

The results from the survey suggest that during the first half of 2020 the demand for credit reduced sharply across all markets, as application volumes fell to historically low levels.

The contracted domestic economic environment, dominated by the Novel Coronavirus accounted for this outcome. Notwithstanding, the average rate of approval on loan applications remained favourable across all categories. Most requests remained concentrated on consumer credit.

Click [here](#) to view full survey report.



### EU MINISTERS AGREE TO SET UP EU ANTI MONEY LAUNDERING BODY

European Union finance ministers have agreed to set up an EU body that would fight money laundering across the 27-nation bloc. The council of finance ministers also gave their backing for the Commission to harmonize EU anti-money laundering rules and provide coordination and support for national Financial Intelligence Units of EU countries. The Commission is to present legal proposals to turn that agreement into reality in the first quarter of next year. Read more [here](#).

### OECD TO RELEASE FRAMEWORK AMID INCONSISTENT RULES ON CRYPTO TAXATION

The OECD is planning to release a tax reporting framework for crypto-assets based on the common reporting standard. The new framework could be implemented by countries across the G20 in strengthening existing laws around disclosures for digital asset transactions, building on efforts dating back to 2018 around a new model for digital currency taxation. A statement from the G20 Finance Ministers and Central Bank Governors Meeting back in July said the COVID-19 pandemic had accelerated the importance of more effective taxation for digital currency and digital assets: “we will continue our cooperation for a globally fair, sustainable, and modern international tax system. We acknowledge that the COVID-19 pandemic has impacted the work of addressing the tax challenges arising from the digitalization

of the economy. We stress the importance of the G20/OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS) to continue advancing the work on a global and consensus-based solution with a report on the blueprints for each pillar to be submitted to our next meeting.” The “comprehensive implementation package” is expected to be presented to the G20 in 2021. Read more [here](#).

### OUTCOMES FATF PLENARY, 21-23 OCT. 2020

The three-day plenary meeting took place virtually due to the COVID-19 pandemic and was chaired by FATF President Dr. Marcus Pleyer. One of the agenda items discussed during the Plenary was the Impact of COVID-19 on FATF Mutual Evaluation and Follow-up processes. It was noted that, in April 2020 the FATF decided to postpone its assessment and follow-up deadlines in response to the COVID-19 pandemic. Months later, the crisis is persisting and is continuing to impact some of the FATF mutual evaluation and follow-up processes. The FATF is committed to carrying out its work of assessing the effective implementation of its standards. Delegates discussed how to continue FATF mutual evaluations using a flexible approach, when crisis response measures limit or impede travel. They discussed the objective criteria and procedures for handling mutual evaluations in a fair and consistent way while maintaining the quality of each assessment at a high standard. These include procedures to conduct certain aspects of the on-site virtually or, if necessary, to postpone on-site visits. Click [here](#) for more on what was discussed during the plenary.

### G20 SUPPORTS THE FATF’S WORK TO ADDRESS MONEY LAUNDERING AND TERRORIST FINANCING RISKS ARISING FROM THE COVID-19 PANDEMIC AND SO-CALLED STABLECOINS

In his remarks to the G20, FATF President Marcus Pleyer emphasized in particular the importance of the risk-based approach, to ensure funds rapidly reach the victims of this crisis, rather than fall into the hands of criminals. The FATF is exploring opportunities offered by new technologies to make anti-money laundering and counter-terrorist financing systems more efficient and effective, particularly vital at this time. This includes work that supports the G20’s ongoing efforts on digital transformation.

The FATF President also highlighted the recent report to the G20 on the money laundering and terrorist financing risks of so-called stablecoins. The report concluded that the FATF Standards on virtual assets and virtual asset service providers clearly apply in the context of so-called stablecoins. It is crucial for all jurisdictions to fully and effectively implement the FATF standards relating to virtual assets, but the FATF President noted in his remarks that to date only 25 of the 39 FATF members had advised they had implemented the revised FATF Standards.

He called on the G20 to lead by example in the implementation of these measures. Click [here](#) to read more.

### BFSB EXECUTIVE COMMITTEE PAYS VIRTUAL COURTESY CALL ON MINISTERS ▾

#### MINISTER OF FINANCIAL SERVICES, TRADE & INDUSTRY AND IMMIGRATION



#### ATTORNEY GENERAL & MINISTER OF LEGAL AFFAIRS

