

### WHAT'S INSIDE:

**DOMESTIC UPDATES:** Industry developments in the domestic financial services market.

**INTERNATIONAL & REGIONAL NEWS:** Regional & international initiatives and news of interest to industry stakeholders.

**UPCOMING EVENTS**  
March - April 2021

#### DOMESTIC UPDATES ▼



### PUBLIC NOTICE: SECURITIES COMMISSION AND COMPLIANCE COMMISSION JOINT AUTHORISED AGENT TRAINING

The Securities Commission and the Compliance Commission will be conducting annual mandatory training for eligible persons desiring to be approved as agents in conducting annual routine examinations of financial and corporate service providers ("FCSPs") and registrants of the Compliance Commission. The session will be held on Tuesday, 23rd February, 2021 via virtual conference from 9:00am to 12:00pm. All interested eligible candidates (Bahamas Institute of Chartered Accountants licensees) desirous of participating in the training should contact Ms. Tina Wright at telephone (242) 397-5950 or by email at [fcsp@scb.gov.bs](mailto:fcsp@scb.gov.bs) no later than Monday 15th February, 2021. The Securities Commission and the Compliance Commission further advise that the deadline for the application to act as their Agent is Friday 26th February, 2021. Read more [here](#).

### UPDATED LEGISLATION DEFINES FINANCIAL AND CORPORATE SERVICE PROVIDERS

The Financial and Corporate Service Providers Regulations gazetted in The Bahamas on 30 December 2020, along with the Financial and Corporate Service Providers Act (FCSP) approved on 4 November 2020, establish a modern, full regulatory, internationally compliant framework with the Securities Commission of The Bahamas as regulatory authority.

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### CENTRAL BANK GOVERNOR ON MONTHLY ECONOMIC AND FINANCIAL DEVELOPMENTS (MEFD) DECEMBER 2020

On February 1st, 2021 Governor John Rolle indicated that the virtual standstill of international travel in 2020 underscores the severe negative impact of the COVID-19 pandemic on the Bahamian economy. These effects will also weigh heavily on the economy in 2021 because the global vaccination drive is not expected to meaningfully boost travel confidence until the second half of the year.

For The Bahamas, this limits the degree of economic strengthening that would be observed in 2021. The most significant upside potential for tourism recovery remains getting the virus under control in North America. The major fiscal stimulus being crafted for the American economy will also have positive spillovers for the speed of the Bahamian recovery. Read more [here](#).

### CENTRAL BANK HOPING TO HAVE OMBUDSMAN POSITION FILLED IN EARLY 2021

The Central Bank of The Bahamas is currently in the process of approving a financial services ombudsman, who would oversee the swift resolution of consumer complaints. The CBOB initially announced plans to appoint an Office of the Financial Ombudsman (OFO) in 2017 to ensure the consumers of financial products and services have adequate avenues to resolve disputes through an open and transparent process. Governor John Rolle revealed during Bahamas Business Outlook earlier this month that the bank hoped to have the position filled in early 2021. The role will strengthen advocacy around service delivery within Central Bank-supervised institutions and identify where principles-based regulations can be deployed under the existing laws within the bank's remit. In addition, the ombudsman will focus on proposals for consumer financial protection that might require new comprehensive regulations. For example, the current scope with the Central Bank has in the payments space would not impact credit products." Read more [here](#).

#### UPCOMING EVENTS ▼

##### MARCH 2021

Industry Development Series: Risk Management & Capital Adequacy

##### MARCH 24 & 25TH

Virtual CEO Strategy Summit

##### APRIL 2021

Virtual Landfall Series

## DOMESTIC UPDATES ▾

**SECURITIES COMMISSION**

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The legislation updates the two-decades-old legal framework of the prevailing Act in three important areas:

- It provides legal clarity for both corporate and financial service providers;
- It provides much needed legal clarity to the non-bank financial services falling under its remit, in the process creating new entrepreneurial opportunities; and
- It has a significantly greater focus on customer protection and safeguarding the public than the previous Act

Read more [here](#).

**ANTI-MONEY LAUNDERING ADMINISTRATIVE MONETARY PENALTIES GUIDANCE NOTICE**

The Central Bank of The Bahamas issued a notice on February 5th to its supervised financial institutions (“SFIs”) of recent amendments to the Guidance Note on the Administrative Monetary Penalties for Supervised Financial Institutions Under The Bahamas’ Anti-Money and Countering the Financing of Terrorism Regime (AML-AMP Regime) Laundering. SFIs are hereby advised that:

1. Paragraphs 31 to 38 of the Schedule have been removed as they fall under the remit of another regulator, and were inadvertently added; and
2. The penalty amounts have been revised to reflect the appropriate ranges for individuals (directors, employees) and supervised financial institutions, respectively.

To view the Guidance Note, click [here](#).

**REGISTRAR GENERAL ISSUES NOTICE TO ALL ENTITIES WITHOUT A REGISTERED AGENT**

On February 2nd the Registrar General’s Department issued a notice reminding all entities which do not have a registered agent of the need to comply with the Register of Beneficial Ownership Act. Read more [here](#).

## INTERNATIONAL &amp; REGIONAL NEWS ▾

**OECD VIRTUAL MEETING ON PILLAR ONE AND PILLAR TWO – KEY TAKEAWAYS FROM THE PANELS**

On 14th and 15th January, 2021, the OECD organized a virtual meeting to discuss comments received on its draft tax proposals on Pillar One (shift of taxing rights on certain digital business models to market/user jurisdictions) and Pillar Two (global minimum taxation). The key takeaways from the two panel sessions dedicated to the Pillar Two Blueprint are:

- the need to simplify the proposed rules to mitigate compliance costs and risks of disputes,
- the strong preference of MNEs for deferred tax accounting rather than carry-forward mechanisms to account for timing differences, and
- the desire to have clear, transparent administrative guidance to reduce the number of jurisdictions for which complex computations are necessary.

The OECD aims at reaching a consensus on these proposals by mid-June 2021. Albeit some changes and simplifications are expected, MNE groups with over EUR 750 million global consolidated gross revenue can already start assessing at a high level the potential impact of the proposed rules and the related compliance mechanisms that would be required. Read more [here](#).

**DEFENSE ACT EXPANDS SCOPE OF FOREIGN BANK RECORDS U.S. AUTHORITIES CAN OBTAIN**

U.S. authorities have more power to obtain documents from foreign banks with U.S. correspondent accounts under recently passed defense-policy legislation. A provision of the National Defense Authorization Act, approved Jan. 1, allows the U.S. Treasury secretary or attorney general to subpoena records related to any account at a foreign bank with correspondent accounts in the U.S. The law applies to records held in the U.S. or abroad that are subject to federal criminal investigations or civil forfeiture actions.

Previously, the U.S. government’s authority was limited to records related to the correspondent accounts, including those related to the deposit of funds into a foreign bank. The provision, while a major

**EU SAYS TAX HAVEN BLACKLIST METHODOLOGY UNDER REVIEW**

Members of the European Parliament (MEPs) adopted a resolution pushing for the system used to draw up the EU list of tax havens to be changed, as it is currently “confusing and ineffective”. MEPs propose changes that would make the process of listing or delisting a country more transparent, consistent and impartial. Parliament says that the criterion for judging if a country’s tax system is fair or not needs to be widened to include more practices and not preferential tax rates. The fact the Cayman Islands has just been removed from the blacklist, while running a 0% tax rate policy is proof enough of this, MEPs say. Among other measures proposed, the resolution therefore says that all jurisdictions with a 0% corporate tax rate or with no taxes on companies’ profits should be automatically placed on the blacklist. Being removed from the blacklist should not be the result of only token tweaks to that jurisdiction’s tax system, MEPs say, arguing that for example the Cayman Islands and Bermuda were delisted after “very minimal” changes and “weak enforcement measures”. The resolution therefore calls for screening criteria to be more stringent. Read more [here](#) and [here](#).

step toward revamping safeguards in the correspondent banking system may increase risks and challenges for foreign financial institutions with accounts in the U.S. The defense legislation contained other provisions aimed at curbing illicit finance, paving the way for an overhaul of U.S. anti-money laundering rules. Under the provision, if a foreign financial institution with a U.S. correspondent account is served with a subpoena, it would need to produce all requested records and authenticate the records without notifying any account holder.

The financial institution can petition the relevant U.S. district court to modify or quash the subpoena, according to the law. The foreign bank can be held liable for monetary penalties and risk losing its corresponding relationship if it doesn’t comply with the subpoena, according to the law. Read more [here](#).