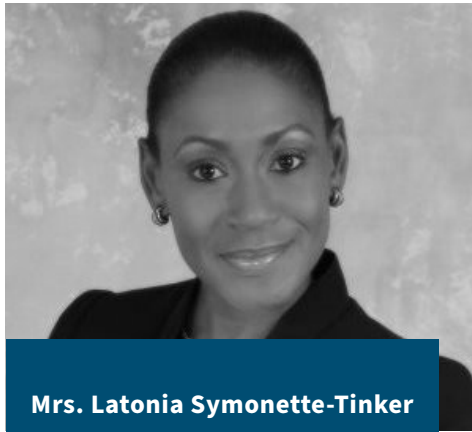


**WHAT'S INSIDE:****BFSB
UPDATES****DOMESTIC UPDATES**

Industry developments in the domestic financial services market.

INTERNATIONAL & REGIONAL NEWS

Regional & international initiatives and news of interest to industry stakeholders.

**UPCOMING
EVENTS****BFSB UPDATES ▼****MESSAGE FROM
THE CHAIRPERSON****Mrs. Latonia Symonette-Tinker**

IN MY FIRST COMMUNICATION to you as Chairperson of BFSB, I would like to take this opportunity to place on record, my sincere appreciation for the confidence reposed upon me and my fellow board members with a deep sense of responsibility, gratitude, and commitment. Like my predecessors, I will work diligently and purposefully together with all of you for the continuing development, sustainability, and growth of the financial services industry in The Bahamas.

Our industry has seen many evolutionary and regulatory challenges and changes over the last few years, but we know that experiencing challenges and changes are a way of life to foster growth and create new opportunities.

In an increasingly demanding, competitive, and complex industry, we need to push the boundaries and continue to rise beyond the ordinary as we take innovative and challenging steps toward a more sustainable and growth centered existence in both the local and international financial markets.

The Bahamas as “The Clear Choice” encapsulates our ethos that we must continue to provide superior financial products and services, and a world class client experience in a well-regulated environment. I am committed, along with the CEO and staff of BFSB to supporting the continued partnership with the private-sector and government as we move into the new year and beyond.

AS 2022 COMES TO A CLOSE we wish to thank all of our members for their support. While the past few years have been challenging, it has created an opportunity to rethink how we position The Bahamas as a financial centre, our value proposition and messaging.

In this vein, we thought it was important for us to hear from our members as to where our ongoing focus should be as we look to 2023. BFSB and AIBT are collaborating with Public Domain, a Nassau-based market research and strategy firm, to conduct an online survey of our members.

We wish to obtain your perspectives on the current state of the industry, its prospects, and the steps needed to ensure sustainable growth and development. This will form the basis of our advocacy

in the new year and allow us to prioritize your interests. The objectives of the industry survey are as follows:

- Identify the key priorities of the sector
- Ascertain the key policy issues that members wish for BFSB to engage with the government on in the new year
- Obtain your views on the future of the financial services sector
- Set a framework for BFSB's 2023 policy action

We encourage all of our members to participate as we work to ensure that your priorities remain in focus in the execution of our mandate.

Again, thank you for your ongoing support.

**MESSAGE FROM
THE CEO'S DESK****Dr. Tanya McCartney**

BFSB UPDATES ▼

BFSB HELD 2022 ANNUAL GENERAL MEETING AND ELECTION OF OFFICERS

The Annual General Meeting of BFSB was held on 30th September at the Margaritaville Resort. At that time new Directors were elected and Professional Industry Association representatives appointed. The election of Executives and Officers took place at the first meeting of the Board on October 19th, 2022.

2022-2024 - EXECUTIVE COMMITTEE

Chairperson:

Mrs. Latonia Symonette-Tinker

Vice-Chairman:

Mr. Antoine Bastian

Treasurer:

Mr. Kriston Moore

Assistant Treasurer:

Ms. Kelli Ingraham

Secretary:

Mrs. Theresa Haven-Adderley

Assistant Secretary:

Dr. Iyandra Bryan

2022 – 2024 BOARD OF DIRECTORS

Theresa Haven-Adderley

Isles of Knight Trust Company

Deidree Bain

Suntera (Bahamas) Limited

Antoine Bastian

Genesis Fund Services

Angela Butler

Credit Suisse

Alexander Christie

McKinney, Bancroft & Hughes

Rochelle Cleare

Union Bancaire Privée

Timothy Colclough

JPMorgan Trust Company (Bahamas)

Linda Beidler-D'Aguiar

Glinton Sweeting O'Brien

Arada Davis

UBS Trustees (Bahamas) Ltd.

Cira Davis

Mosaic Financial Ltd.

Jamal Ijeoma

Baker Tilly Gomez

Kelli Ingraham

Rt. Hon. Hubert Alexander Ingraham Chambers

Taran Mackey

IPG Family Office

Portia Nicholson

Higgs & Johnson

Sarah Packington

GrahamThompson

Iyandra Smith-Bryan

Quantfury Trading Limited

Latonia Symonette-Tinker

The Bayshore Group LLC

Glennette Reckley

The Bank of Nova Scotia Trust Company (Bahamas) Limited

George White

Leno Corporate Services Limited

Raquel Wilson

Lombard Odier & Cie (Bahamas) Limited

Igal Wizman

EY Bahamas Ltd

2022 PROFESSIONAL INDUSTRY ASSOCIATION REPRESENTATIVES

Shawn Forbes

Association of International Banks and Trust Companies

Endric Deleveaux

Bahamas Association of Compliance Officers

Kelli Ingraham

The Bahamas Bar Association

Warren Rolle

Bahamas Insurance Association

Diveane Bowe

Bahamas Institute of Chartered Accountants

Andrew Rolle

Bahamas Investment and Securities Business Association

Nikki Beouf

Bahamas Real Estate Association

Nicolette Gardiner

Chartered Institute of Arbitrators

Kriston Moore

CFA Society the Bahamas

Theo Burrows

Society of Trust and Estate Practitioners

Roger Archer

The Clearing Banks Association

Zelma Wilson

Restructuring and Insolvency Specialists Association (Bahamas)

UPCOMING EVENTS

Global FinTech and Web3 Festival

January 24-26, 2023

Hosted by:

The Securities Commission of The Bahamas

World Captive Forum

February 1-3, 2023

BFSB Industry

Development Series:

"Tax Enforcement Without Borders"

February 16, 2023

BFSB UPDATES ▼



2022 FINANCIAL SERVICES INDUSTRY STUDENT OF THE YEAR AWARD PRESENTATION

On Tuesday, 13th September, 2022 BFSB presented the Student of the Year award to Mrs. Tiasha Lewis-Moxey, a recent graduate of the University of The Bahamas, during the AIBT's Nassau Conference. The initiative has been a collaborative partnership of BFSB, the University of the Bahamas, AIBT and the CFAL Group of Companies.

The student of the year award programme is a part of BFSB's ongoing Financial Centre Focus (FCF) programme which seeks to integrate the industry with the wider community through a series of initiatives. An essential part of Financial Centre Focus overall objective is to attract and maintain qualified professionals to the Financial Services sector.

In addition to being a well-rounded student with proven academic success, candidates are required to submit a 1500-word essay.

The topic for the 2022 competition was: *"The Digital Assets and Registered Exchanges Act, 2020, provide solutions for digital asset applications, and creates a proper regulatory framework for digital assets business. Why is this legislation groundbreaking and how can we create opportunities for more local participation?"*

This subject matter aligned with the focus of the Bootcamp, which was on opportunities in the digital assets sector. Candidates were also interviewed before the winner was selected.

We congratulate all of our finalists. The first runner up was Miss Tammy Clarke. The second runner up was Miss Cassidy Purcell. The winner received a \$5,000.00 investment account and the other two finalists received cash prizes.



BFSB CEO WINS INTERNATIONAL AWARD

Dr. Tanya McCartney, CEO and Executive Director, Bahamas Financial Services Board (BFSB), was named the winner of the International Investment Contribution to Diversity and Inclusion Award 2022 (Industry) at its 23rd annual awards presentation in London last week. This award is designed to honour the work of a company or an individual within from the adviser community that has contributed towards helping accelerate the pace of change towards a more diverse and inclusive international financial services industry.

This marks the second time that International Investment has recognized BFSB under Dr. McCartney's leadership. In 2020 the global publication gave BFSB the award for Outstanding Promotion of Financial Services 2020. Earlier this year the BFSB CEO received her Doctor of Business Administration, Readiness for Change in Bahamas Financial Services sector from Edinburg Napier University in Scotland.

Read more [here](#).

DOMESTIC UPDATES ▼



LIFTING SUSPENSION OF NEW LICENSE APPLICATIONS FOR PAYMENT SERVICES PROVIDERS AND MONEY TRANSMISSION BUSINESSES

On November 30, 2020, the Central Bank of The Bahamas announced the continued moratorium on new MTB and PSP licenses. The Bank has reviewed this position and advises that with pandemic conditions abated, this sub-sector is in a better position to establish a stable footing and provide expanded services to the Bahamian public. As a result, and with effect from 31st October, 2022, the suspension on new license applications for Payment Services Providers and Money Transmission Businesses has been lifted. Read more [here](#).

CENTRAL BANK RECOVERY PLANNING GUIDELINES, 2022

The Central Bank of The Bahamas is pleased to announce the release of the Recovery Planning Guidelines, with an effective date of 20 September, 2022. With the release of the framework, all public banks and banking and trust supervised financial institutions ("SFIs") are required to submit their recovery plans to the Central Bank on or before 31 March, 2023. Credit Unions are required to submit their recovery plans to the Central Bank on or before 31 May 2023. The Guidelines summarize key elements which the Central Bank expects SFIs to include in their recovery plans. Further, the Guidelines address the SFI's responsibility in developing and testing the institution's recovery

plan, ensuring continued governance and accountability and the promotion of financial stability. The Guidelines and the Central Bank's response to comments/questions received during the industry consultation are now all accessible on the Central Bank's website [here](#).

TEMPORARY WAIVER OF INVESTMENT CURRENCY PREMIUM FOR PURCHASES OF BAHAMAS GOVERNMENT US DOLLAR BONDS

The Central Bank of The Bahamas wishes to announce the temporary waiver of the Investment Currency Market (ICM) premium for resident investors (including entities) applying to invest in Bahamas Government bonds denominated in United States dollars, and currently trading in the international capital markets. The ICM premium of 5.0% associated with purchases of foreign currency for the specific portfolio investments is being waived for a limited period. In particular, the Central Bank will monitor aggregate investor interest, to determine a future cut-off point for this accommodation.

The public is advised that in order to participate in and to conclude such purchases they are required to engage a local broker dealer or authorized agent. The securities purchased must be kept in accounts held in the custody of the same authorized institutions. Read more [here](#).



TAXATION: ANGUILLA, THE BAHAMAS AND TURKS AND CAICOS ISLANDS ADDED TO EU LIST OF NON-COOPERATIVE JURISDICTIONS FOR TAX PURPOSES

On October 4, 2022 the EU Council decided to add Anguilla, The Bahamas and Turks and Caicos Islands to the EU list of non-cooperative jurisdictions for tax purposes. The reason for the inclusion of Anguilla, The Bahamas and Turks and Caicos Islands in the list is that there are concerns that these three jurisdictions, which all have a zero or nominal only rate of corporate income tax, are attracting profits without real economic activity.

In particular, they failed to adequately address a number of recommendations of the OECD Forum on Harmful Tax Practices in connection to the enforcement of economic substance requirements, something to which they committed earlier this year.

For the effectiveness of the EU list, EU member states implement "defensive measures in non-tax and tax areas" vis-à-vis the non-cooperative jurisdictions, as long as they are part of such list. Read more [here](#).

DOMESTIC UPDATES ▼

ATTORNEY GENERAL SEN. HON L. RYAN PINDER, K.C. PROVIDES UPDATE ON INTERNATIONAL INITIATIVES AT BFSB AGM

During his remarks at the BFSB AGM, The Attorney-general gave an update on matters related to international financial services regulatory compliance.

(A) European Union – Economic Substance Reporting — The EU, through its Code of Conduct Group, performs annual monitoring of the effective implementation of substance requirements under EU list criterion 2.2. The Government received notice of certain deficiencies related to the implementation of CESRA and the economic substance reporting that were found in the annual monitoring for 2019 and 2020. The government has since worked diligently to satisfy the concerns of the EU, however not all deficiencies could be addressed before the determination of our review in April 2022. To give some context, the deficiencies primarily lie in the reporting portal and methodology that was put in place which presented many problems with the actual administration of the reporting. The AG advised that the government is committed to closing all remaining gaps expeditiously and to seeking a redetermination of our status in the shortest possible time. The government have solicited a number of proposals for a separate substance reporting portal and platform that has been designed for the specific purpose, much like what is experienced with the BOSS system.

(B) OECD – Implementation of the Common Reporting Standard — The Bahamas commenced exchanges under the AEOI Standard in 2018. To ensure the AEOI standard is fully effective, the Global Forum reviews each jurisdiction's domestic and international legal frameworks to ensure they are complete and reviews the effectiveness of the implementation of the standard in practice. The Global Forum conducted such a peer review spanning 2020 – 2021. The peer review evaluated the process for effective and timely exchanges as well as ensuring that Reporting Financial Institutions correctly

adhere to the due diligence and reporting procedures. The government received a report from the Global Forum indicating that The Bahamas is compliant with respect to exchanging information in an effective and timely manner. However, there is a need to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures.

Despite meeting the standard required in one of the two areas reviewed, the overall rating of the technical effectiveness of the implementation of the AEOI standards is anticipated to be rated as non-compliant. To address legislatively the issue that the OECD had difficulty with, namely our regulators conducting the review and inspection for CRS implementation purposes as they were not the “Competent Authority”. There is legislation before Parliament, that will soon be debated and passed that will legislatively designate the regulators as agents of the Competent Authority for this purpose. The OECD has also taken issue with Executive Entities as non-included entities for CRS purposes, so there will be an amendment to the regulations to remove such exemption.

(C) FATF 40 Recommendations anti-money laundering compliance — The Bahamas has reported back to the CFATF on the actions it has taken since its mutual evaluation and its 4th Enhanced Follow-up Report, addressing specifically its partial compliance rating on two Recommendations: Recommendation 15 addressing Virtual Asset Service Providers, and Recommendation 8 addressing Not for Profit institutions. The re-rating evaluation will take place at the CFATF plenary meetings in November of this year. The government is cautiously optimistic that it will achieve a re-rating for Recommendations 8 and 15 which would result in being compliant or largely compliant in all 40 FATF Recommendations.



THE BAHAMAS CAPITAL REGULATIONS, 2022

The Bahamas Capital Regulations, 2022 were gazetted and took effect as of 15 July, 2022. The Regulations and amended Guidelines for the Management of Capital and the Calculation of Capital Adequacy (“Capital Guidelines”) simplify the Bahamian Basel III framework while remaining consistent with the proportionality principles set out by the Basel Committee. The Regulations also create an optimal capital regime for the Bahamian banking system, reduce regulatory compliance costs, balance safety, efficiency and competitiveness while also promoting financial system stability. Access the Bahamas Capital Regulations, 2022 and the guidelines [here](#).



SECURITIES COMMISSION ANNOUNCES INAUGURAL FINTECH FESTIVAL – D3 BAHAMAS

The Securities Commission of The Bahamas, in partnership with the Government of The Bahamas, has announced that the country will host a global Fintech and Web3 Festival, from 24-26 January 2023, at Atlantis Hotel, Nassau, Bahamas. The in-person festival, branded as D3 Bahamas (Decentralized | Digital | Disruptive), aims to host over 3,000 industry leaders from across the Americas, Middle East, Europe and Asia. The festival will help shape global, regional and industry agendas in FinTech, including Web3, Digital/Crypto Assets, Decentralized Finance (DeFi), Central Bank Digital Currencies (CBDC), Green Finance, and more. Click [here](#) to read more on this.

INTERNATIONAL & REGIONAL NEWS ▼


GLOBAL FORUM REPORTS SIGNIFICANT PROGRESS ON GLOBAL TRANSPARENCY AND EXCHANGE OF TAX INFORMATION, WHILE NOTING FURTHER WORK IS NEEDED

November 9th, 2022 - Significant global progress on transparency and exchange of tax information is reported by the Global Forum.

Jurisdictions are not only automatically exchanging information on 111 million accounts but are actively ensuring that financial institutions effectively comply with the requirements. Furthermore, they continue to effectively implement exchanges on request and the Global Forum reports significant impacts of its wide-scale capacity-building activities.

Nevertheless, more work is needed to maximise the benefits. [Peer Review of the Automatic Exchange of Financial Account Information 2022](#) presents the first peer reviews with effectiveness ratings for the 99 countries and jurisdictions which had committed to starting Automatic Exchange of Information (AEOI) in 2017 or 2018.

It shows that virtually all jurisdictions have put in place the necessary legal frameworks and successfully started exchanges and are exchanging information without significant timing or technical issues.

Read more [here](#).

JURISDICTIONS AGREE TO EXCHANGE INFORMATION ON DIGITAL PLATFORMS AND CRS AVOIDANCE

A group of 22 jurisdictions have signed a multilateral competent authority agreement for the automatic exchange of information under the OECD's model rules for reporting by digital platforms. The agreement will allow them to automatically exchange information collected by operators of digital platforms about transactions, income and sales of goods realised by platforms in the sharing and gig economy. The signatories to this agreement are Argentina, Belgium, Bulgaria, Canada, Colombia, Costa Rica, Cyprus, Estonia, Finland, Iceland, Ireland, Latvia, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain and the UK.

Separately, 16 jurisdictions have signed an agreement supporting the OECD's model mandatory disclosure rules on Common Reporting Standard (CRS) avoidance arrangements and opaque offshore structures. Each jurisdiction will collect information from intermediaries that have identified arrangements to circumvent the CRS and structures that disguise the beneficial owners of assets held offshore. Every year, the jurisdictions will pass that information automatically to the taxpayers' jurisdictions of tax residence. The signatories are Bermuda, Belgium, the Cayman Islands, Colombia, Costa Rica, Cyprus, Guernsey, Finland, Iceland, Isle of Man, Jersey, Portugal, Slovenia, South Africa, Spain and the UK. Read more [here](#).

DEFENSIVE MEASURES TAKEN BY EU FOR BLACKLISTED COUNTRIES

EU member states have broad discretion on the type and scope of defensive measures they apply in the tax area. These largely depend on their national tax systems. Nevertheless, there is a certain degree of coordination.

(a) National measures — EU countries agreed in December 2017 to apply at least one of the following administrative measures:

- reinforced monitoring of transactions
- increased risk audits for taxpayers who benefit from listed regimes
- increased risk audits for taxpayers who use tax schemes involving listed regimes

Member states also committed, as of 1 January 2021, to use the EU list in the application of at least one of four specific legislative measures:

- non-deductibility of costs incurred in a listed jurisdiction
- controlled foreign company (CFC) rules, to limit artificial deferral of tax to offshore, low-taxed entities
- withholding tax measures (WHT), to tackle improper exemptions or refunds
- limitation of the participation exemption on shareholder dividends

Currently, 26 member states apply or have taken steps to apply at least one of the four defensive measures agreed upon in the 2019 Guidance. Among these 26 member states, 16 apply at least two of the four measures. To date, 21 member states operate defensive measures of both administrative and legislative nature to jurisdictions mentioned in the EU list, while three Member States apply defensive measures in accordance with their domestic listing process.

(b) EU Law — Recent EU legislation also explicitly refers to the list. For example, EU transparency rules for tax intermediaries were agreed in 2018. They introduced new reporting requirements for tax schemes involving listed countries. These rules apply as of 1 July 2020.

INTERNATIONAL & REGIONAL NEWS ▼



FATF GUIDANCE ON BENEFICIAL OWNERSHIP (RECOMMENDATION 24) - PUBLIC CONSULTATION

At the March 2022 Plenary, the Financial Action Task Force (FATF) adopted amendments to Recommendation 24, and agreed to immediately start the work to update guidance on beneficial ownership, with a view to help support the implementation of the new requirements. The FATF now welcomes comments to its updated Guidance paper to Recommendation 24 on the transparency and beneficial ownership of legal persons. The draft text of the Guidance is available. The FATF will consider the views received at its February 2023 meetings. Read [more](#).

FATF AND INTERPOL INTENSIFY GLOBAL ASSET RECOVERY

The Financial Action Task Force (FATF) and INTERPOL have launched a joint initiative to deprive criminals of their dirty money, marking a turning point in global efforts to recover illicit assets. The first ever FATF-INTERPOL Roundtable Engagement (FIRE) event gathered 150 high-level experts who highlighted the

pressing need to: (a) promote national policies and actions that prioritise the tracing, seizure and confiscation of criminal assets; (b) enhance operational cooperation at the national, regional and international levels; (c) increase effective information sharing among public authorities and with the private sector. In a joint drive to reinforce and mobilise the community of global experts, the conference (held on 12 and 13 September) brought together law enforcement agencies, financial intelligence units, asset recovery offices, prosecutors, policy makers, international organizations and private sector industry leaders.

Delegates welcomed the initiative by FATF and INTERPOL to reinforce international law enforcement and judicial networks that work on asset recovery and the tools available, including the pilot of INTERPOL's global stop-payment mechanisms, the Anti-Money Laundering Rapid Response Protocol (ARRP). They also agreed on the need to strengthen the FATF's Standards so that countries are better equipped to act effectively at every stage of the asset recovery process. Read [more](#).

EUROPEAN COURT: PUBLIC ACCESS TO COMPANY OWNERSHIP REGISTERS IS INVALID ON PRIVACY AND DATA PROTECTION GROUNDS

Measures in the EU Fifth Anti-Money Laundering Directive (5AMLD), requiring EU Member States to give the public unlimited access to their central registers of companies' beneficial owners, are invalid on privacy and data protection grounds, the Court of Justice of the European Union (CJEU) has ruled. The decision came on 22 November 2022, in two joined cases brought by a Luxembourg company and one of its beneficial owners against the

Luxembourg authorities. The parties had previously requested the country's beneficial ownership registry to restrict the general public's access to information about them, but the registry refused to do so. The CJEU has now given a preliminary judgement ruling that the measures in 5AMLD goes beyond what is strictly necessary and is disproportionate to the AML objective. The information disclosed on the register enables a potentially unlimited number of persons to find out about the material and financial situation of a beneficial owner, and that information can never be recalled from the register, said the CJEU. Read [more](#).

EU PILLAR II IMPLEMENTATION: CERTAIN MEMBER STATES TO PROCEED UNILATERALLY

From discussion at the informal ECOFIN meeting which took place on 10 and 11 September, it appears that agreement will be unable to be reached on the EU directive implementing Pillar 2. The Directive is at present being blocked by Hungary, following on from months-long opposition from Poland under the French EU presidency.

An agreement which would be binding on all other Member states, but exclude Hungary, has recently been discussed and is an option being considered. Read [more](#).

US GOVERNMENT CONSULTS ON FRAMEWORK FOR DEVELOPMENT AND REGULATION OF DIGITAL ASSETS

The US government has released a proposed comprehensive regulatory framework for the development of digital assets, addressing the future of money and payment systems, consumer protection and money laundering risks.

Three reports have been released by the government, that put forward numerous suggestions for a regulatory framework. The reports propose that agencies and regulators 'aggressively pursue investigations and enforcement actions against unlawful practices in the digital assets space', collaborate with each other to address risks and lead public awareness campaigns for consumers.

The recommendations also go beyond US borders, with proposals for government departments to collaborate with partner departments and agencies abroad and to provide technical assistance to developing countries. The government will now consider if the proposals warrant amendments to the Bank Secrecy Act. In the meantime, the Department of the Treasury will conduct a risk assessment on decentralized finance by February 2023 and on non-fungible tokens by July 2023. Read [more](#).