

**BFSB**

# NEWSLETTER

**JULY 2023****ISSUE 20**

A PUBLICATION OF THE BAHAMAS FINANCIAL SERVICES BOARD

**BFSB-BAHAMAS.COM**

## 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

## DOMESTIC UPDATES ▼

**Joint Statement from Bahamas Financial Services Board, Association of International Banks and Trust Companies, Ministry of Finance, Office of the Attorney General**



AIBT, BFSB and the Ministry of Finance held an industry consultation on the new provisions in the Business Licence Bill, 2023 as it pertains to IBCs who are doing business in or from within The Bahamas and the financial services industry.

The Business Licence Act (the "Act") is only applicable to a person who carries on a business in or from within The Bahamas. Business "includes a profession, calling, vocation, occupation, trade, manufacture or undertaking of any kind, an adventure or concern in the nature of trade, for the purpose of creating a turnover". This standard has not changed in the proposed legislation, it is the same standard as in prior years. [Read more.](#)

## BFSB CEO's Tenure Comes To An End



**IT IS WITH A HEAVY HEART** that we announce the resignation of our CEO Dr. Tanya McCartney. Tanya joined BFSB on December 1, 2015, and since that time has provided the organization with the strong leadership skills that have guided our response to industry issues both locally and internationally. She served as a formidable advocate for the more than 250-firms which are part of the Bahamas Financial Services Board. She has made an indelible impact on our organization and BFSB has been enriched during her time with us. We are grateful for her calm management style and many contributions and wish her well as she leaves us to pursue other interests.

Dr. McCartney has played a critical role in facilitating collaboration between the private sector and policy makers in The Bahamas with respect to all the global regulatory initiatives impacting the financial services sector. She ensured that industry was fully engaged as we navigated the implementation of such major

initiatives as The Common Reporting Standard/AEIO, economic substance requirements, removal of preferential regimes and the beneficial owner search system. Also, during Tanya's tenure, despite the many challenges facing the sector, we were able to articulate a strong value proposition in the various markets that we serve.

Dr. McCartney's official last day with us will be August 17th but she has committed to continue to work with us in the interim to ensure a smooth transition to a new CEO. We are commencing the process of finding a suitable replacement and are confident that we will find an individual who can build upon Dr. McCartney's legacy.

Please join us in thanking Tanya for her service and wishing her well in her future pursuits.

Sincerely,  
**Mrs. Latonia Symonette-Tinker**  
Chairperson  
Bahamas Financial Services Board

## DOMESTIC UPDATES ▼



### Public Update on The Bahamas Digital Currency - SandDollar

**Ongoing Technical Upgrades -** The Central Bank has completed developments allowing all SandDollar wallet holders to top-up their wallets from commercial bank accounts via online banking domestic transfers.

This feature is available for all SandDollar-enabled wallets and, therefore, includes basic, premium, and merchant wallets published by Cash 'N Go, Island Pay, Kanoo, MobileAssist, MoneyMaxx, OMI Financial Services, SunCash Bahamas, or the original SandDollar app published by the Central Bank. The Central Bank's original SandDollar mobile wallet is undergoing a facelift. The smoother interface will include new features and promote a more pleasant user experience.

The enhanced mobile app will provide a number of self-service tools, ranging from self-onboarding to secure wallet recovery. An optional memo field has been added, which allows additional transaction details – aiding reconciliation. The updated SandDollar app will feature a list of frequent contacts with whom wallet holders regularly transact. The Central Bank anticipates a public release in September 2023.

[Read more.](#)

### Enterprise Risk Management Guidance Notes

The Central Bank of The Bahamas released the Enterprise Risk Management (“ERM”) Guidance Notes on 22nd June, 2023. With the release of the framework, Supervised Financial Institutions (“SFIs”), as applicable, inclusive of credit unions, are required to submit their enterprise wide risk management assessments to the Central Bank on or before 30 September, 2023.

These Guidance Notes provide the industry with the Central Bank's minimum expectations when developing an ERM Framework that enables SFIs to develop and implement strategies, policies, procedures and controls to effectively manage risks. SFIs are encouraged to tailor their framework to align with the nature, size, and complexity of their business and risk appetite. SFIs are expected to notify the Central Bank of any changes or deviations from their Board approved risk management framework. Questions or comments regarding the Guidance Notes should be addressed to: Policy Unit, Bank Supervision Department, Central Bank of The Bahamas - [policy@centralbankbahamas.com](mailto:policy@centralbankbahamas.com)

[Click here](#) to access the document.

### Exempted Limited Partnership Act and The International Business Companies Act Amended

The Senate on July 20th, 2023 passed amendments to the Exempted Limited Partnership Act and The International Business Companies Act. BFSB was asked by its members to propose a number of amendments to allow an exempted limited partnership to continue as a company which will require changes to The Exempted Limited Partnership Act and The

### Monthly Economic and Financial Development

Indications are that during the month of May, the domestic economy maintained its growth trajectory, although at a moderated pace, as the recovery converged closer to pre-COVID-19 pandemic levels. Tourism sector output continued to register strong growth, undergirded by robust gains in both the high value-added wair segment and the sea component, given the persistent demand for travel in key source markets. In labour market developments, the All Bahamas unemployment rate decreased in May 2023, as the number of self-employed persons grew.

On the fiscal front, Government's budgetary operations for the first nine months of FY2023/23 revealed a narrowing in the deficit, as the expansion in revenue collections outpaced the rise in aggregate expenditure. Monetary sector developments featured a reduction in bank liquidity, despite a contraction in domestic credit, which outstripped the falloff in the deposit base. Nevertheless, external reserves grew, owing in part to the receipt of proceeds from Government's external borrowings.

Read more [here](#).

International Business Companies Act. The aim is to ensure that we remain competitive.

The amendments achieve the following:

1. Provides more flexibility with respect to the management and operation of partnerships;
2. Clarifies the legal impact of certain activities of limited partners; and
3. Provides further clarity in relation to de-registration of partnerships and conversion of exempted companies to partnerships.

## BFSB EVENT ▼

## BFSB Hosts Annual UK Breakfast Briefing Under the Theme: “The Bahamas 360: The Complete & Compelling Choice”



The Bahamas Financial Services Board partnered with Global Fund Media Group/ Hedgeweek to host our annual Bahamas Spotlight event in London (U.K.) at Six Park Place on Wednesday, June 28th, 2023.

The briefing was held under the theme: “The Bahamas 360: The Complete & Compelling Choice”. It provided an opportunity for London-based service providers and advisers to hear from regulators and expert Bahamian practitioners on the full range of wealth management services offered in The Bahamas.

The first session entitled “Balancing Innovation with Regulation” was moderated by Dr. Tanya McCartney, where she engaged in a dialogue with Superintendent of Insurance Mrs. Fields and Ms. Theominique Nottage, Arbitration Consultant in the Ministry of Economic Affairs. In addition, Ms. Nottage spoke on the key provisions of the new International Commercial Arbitration Act, 2023, and the position of The Bahamas as an international arbitration hub.

A roundtable discussion on “The Bahamas Value Proposition: Product and Services Deep Dive” was then facilitated by Tony Griffiths, Head of Content at Global Fund Media.



The industry participants included Dr. Iyandra Smith-Bryan, COO of Quantfury, Mr. Paul Winder, Global Head of Wealth Planning at Deltec Bank & Trust, and Mr. Ricardo Evangelista, CEO of ActivTrades Europe.

The topics covered included:

- The Key Advantages of The Bahamas as an international financial centre.
- The Bahamas as an Ideal Global Hub for Fintech.
- Wealth Management Offerings.
- The Types of Investment Funds under Bahamian Law.

### UPCOMING EVENT

**STEP LATAM — Bogota, Colombia**  
**September 7th - 8th, 2023**

**Bahamas Landfall: Brazil**  
**September 25th – 30th**



## INTERNATIONAL & REGIONAL NEWS ▼



**Jurisdictions agree historic milestone to implement global tax deal** - On 11th July, 2023, 138 members of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) - representing over 90% of global GDP – agreed an Outcome Statement recognizing the significant progress made and allowing countries and jurisdictions to move forward with historic, major reform of the international tax system. The Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalization of the Economy will ensure a fairer distribution of profits and taxing rights among countries and jurisdictions with respect to the world's largest Multinational Enterprises (MNEs). The Outcome Statement agreed at the 15th Meeting of the Inclusive Framework follows 20 months of intense technical negotiations by delegates to continue the work to implement the Two Pillar Solution. It reflects collaboration and compromise among all jurisdictions – small and large, developing and developed – during negotiations by Inclusive Framework members since October 2021.

In a significant development since October 2021, 138 countries and jurisdictions have also agreed in the Outcome Statement to refrain from imposing newly enacted digital services taxes or relevant similar measures on any company before 31 December 2024, or the entry into force of the MLC if earlier, provided the signature of the MLC has made sufficient progress by the end of the year. This commitment is made in recognition of the progress made to date and the need to prevent disruption or delay of the ratification of the MLC.

[Click here](#) to view Outcome Statement.

**Next Steps Towards Completion of the Two-Pillar Solution** - The newly agreed Outcome Statement will be delivered to G20 Finance Ministers and Central Bank Governors at their meeting in Gandhinagar, India on 17-18 July. In parallel, technical work will continue so that the Multilateral Convention (MLC) can be opened for signature in the second half of 2023, with a signing ceremony organised by year-end.

The MLC should enter into force during 2025, allowing for the domestic consultation, legislative, and administrative processes applicable in each jurisdiction. Further work on Amount B of Pillar One – to be launched next week with a public consultation, through 1 September – is slated for completion by year-end. The Inclusive Framework plans to approve a final report on Amount B and incorporate key content into the OECD Transfer Pricing Guidelines by January 2024. Due consideration will be given to the needs of low-capacity jurisdictions and the interdependence with the MLC.

The agreed documentation relating to the Subject-to-Tax Rule (STTR) will be published next week, with the Multilateral Instrument implementing the STTR to be released and open for signature from 2 October 2023. The OECD will also prepare a comprehensive action plan to support the swift and co-ordinated implementation, with additional support and technical assistance to enhance capacity for implementation by developing countries.

[Click here](#) for more information on ongoing work to support implementation.

**OECD Launches New BEPS Multilateral Convention Matching Database** - The OECD has launched an updated version of the BEPS MLI Matching Database. The database assists tax authorities and other interested parties in relation to how the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the “BEPS MLI”) MLI will apply and modify a specific tax treaty.

The database was first published in 2017 and presents detailed up-to-date information on the application of the BEPS MLI to tax treaties. In particular, the database presents the “matching results” under the BEPS MLI in respect of each covered tax treaty. The text of the BEPS MLI, the explanatory statement, background information, positions of each Signatory and Party, and the updated database are available [here](#).

### European Commission Publishes ‘FASTER’ Proposal – New Rules for Withholding Taxes in the EU



The European Commission has published a proposal for a Council Directive on Faster and Safer Relief of Excess Withholding Taxes (FASTER), setting out proposed new rules for withholding taxes in the EU. The proposed legislation aims to simplify cross-border investment and taxation in the EU by introducing an EU-wide common system for withholding tax on dividend and interest payments and for tax authorities to exchange information and cooperate. The rules, once adopted by Member States, would come into force on 1 January 2027. Read more [here](#).

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**Financial Action Task Force (FATF) finds that many countries still struggling with virtual asset regulation** - Three-quarters of the Financial Action Task Force's (FATF's) member countries either do not comply with its Recommendation 15 on regulation of virtual asset service providers (VASPs) or are only partially compliant with it. A recent FATF survey of 151 jurisdictions showed that more than half still have not taken any steps towards implementing the travel rule, which FATF says is a 'serious concern'. It says there is an 'urgent need for jurisdictions to accelerate implementation and enforcement of Recommendation 15'. FATF has adopted a roadmap to improve and facilitate the implementation of Recommendation 15. FATF will therefore offer outreach and assistance to low-capacity jurisdictions; identify and publish steps jurisdictions with 'materially important VASP activities' have taken to implement the recommendations; facilitate the sharing of experiences, challenges and market trends; and continue to engage with member countries on progress made. FATF has said it will conduct a further review on progress and remaining challenges, for implementation by June 2024. [Read more.](#)

**FATF Public Statement on list of Jurisdictions under Increased Monitoring** - Licensees and registrants of the Securities Commission of The Bahamas (the Commission) are hereby informed that on 23 June 2023, the Financial Action Task Force (the FATF) issued a public statement regarding its list of jurisdictions under increased monitoring. The FATF's public statement provides updates on the status of Albania, Barbados, Burkina Faso, Cayman Islands, Democratic Republic of Congo, Gibraltar, Jamaica, Jordan, Mali, Mozambique, Panama, Philippines,

Senegal, South Africa, South Sudan, Türkiye, UAE, and Uganda, and reflects the addition of Cameroon, Croatia and Vietnam to the FATF's list of Jurisdictions under Increased Monitoring. The reporting for Haiti, Nigeria, Syria, Tanzania and Yemen were deferred, and therefore the statements provided by the FATF in relation to these jurisdictions remain in effect, but may not reflect the status of the jurisdiction's AML/CFT regime. Licensees and registrants are encouraged to take the ML/TF/PF risks associated with the jurisdictions identified in the FATF's list of jurisdictions under increased monitoring, into account in their risk assessments of business relationships and transactions, notwithstanding that the FATF does not call for the application of enhanced due diligence measures. [Read More.](#)

**Public Consultation on the Revision of Recommendation 8 and its Interpretive Note** - The FATF is considering proposals for draft amendment text to Recommendation 8 of the FATF Standards and its Interpretive Note, which aims to protect NPOs from potential terrorist financing abuse. The draft amendment text to R.8/INR.8 proposed for public consultation reflects the work and discussion of the Project Team. The revisions seek to address the problem of over-application of preventive measures to the NPO sector in some countries, recognizing the negative impact this can have on legitimate NPO activities. The FATF is consulting all interested stakeholders in advance of finalizing the amendment text to R.8/INR.8. Views from practitioners, experts and stakeholders from the NPO sector and the financial institutions are welcome. Please provide your response, including any drafting proposals to: [fatf-gafi.org](mailto:fatf-gafi.org) with the subject-line "Comments of [author] on the draft FATF R.8/INR.8 amendments", by 18 August 2023. At this stage, the FATF has not approved the draft amendment text to R.8/INR.8 and will consider the views received to revise the text before its proposal for adoption at the FATF October 2023 Plenary. The draft text is available [here](#). Read more [here](#).