

THE BAHAMAS

AN INTERNATIONAL

BUSINESS CENTRE

With new and amended legislation, a strengthened regulatory structure and a cohesive and confident private sector, The Bahamas is positioned as an even stronger, more competitive international financial services centre, following the FATF's confirmation of its satisfactory anti-money laundering regime in 2001 and the negotiation of a standstill provision by The Bahamas with respect to tax information exchange.

Long-established as one of the foremost international financial centres and a key operational base for many of the world's most recognised and respected banking and financial organisations, The Bahamas has preserved its crucial tax neutrality advantage in the new financial architecture that has emerged in the country.

The Bahamas has been providing banking and trust services to the international financial community since the 1930s. It is one of the most developed financial centres in the world, with products and services covering banking, private banking and trust services, mutual fund administration, capital markets, investment advisory services, accounting and legal services, e-business, insurance, and corporate and shipping registry.

According to the Central Bank of The Bahamas more than 250 banks and trust companies are licensed to operate in The Bahamas, with all maintaining a physical presence in the country, and representing in excess of 4000 employees. There are also over 60 institutions licensed to provide fund administration and some 90 licensed to provide broker-dealer and/or investment advisory services.

An independent nation since 1973 and one of the oldest, most vibrant democracies in the Western Hemisphere, The Bahamas has no income, inheritance, capital gains or corporate tax. Revenue is raised largely from customs duties, property tax and stamp duties. Its currency is on par with the U.S. dollar.

LEGAL SYSTEM

The legal system in The Bahamas, modelled on the British pattern and independent of the political process in the country, provides a well-established environment for international business. The independence of the judiciary and Bahamian sovereignty provide The Bahamas with a unique environment for the conduct of international services.

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REGULATORY AUTHORITIES

The Bahamas is an active member of established international regulatory and policy-making bodies and devotes considerable resources to its participation in these bodies, and adherence to international best practices. It has a comprehensive regulatory and supervisory framework, including the Central Bank of the Bahamas, Securities Commission of the Bahamas, Registrar of Insurance Companies, Bahamas Compliance Commission, and the Financial Intelligence Unit. The Bahamas also has a recognised system for the prevention and detection of money laundering.

INDUSTRY ASSOCIATIONS

With a long history of positive contribution to the industry's development, the country's professional bodies play an essential role in public/private sector dialogue and partnership.

Formed in 1976, the self-regulatory Association of International Banks and Trust Companies promotes a high level of ethical conduct and management standards. Similarly, the Bahamas Institute of Chartered Accountants functions as a self-regulatory body, ensuring compliance with International Auditing and Accounting Standards and Rules of Professional Conduct. The Bahamas Bar Association is also a self-regulatory organisation.

Other industry groups which are part of this extensive resource base are the Bahamas Fund Association, Clearing Banks Association, Bahamas General Insurance Association, Bahamas Association of Life and Health Insurers, Bahamas Association of Compliance Officers, Society of Trust & Estate Practitioners, Society of Financial Analysts, Bahamas Institute of Financial Services, and Bahamas Real Estate Association.

PROFESSIONAL COMMUNITY

There are over 600 attorneys practicing in The Bahamas, from firms of various sizes. Many of the firms specialise in international financial services. The British-based legal system means that most attorneys in The Bahamas have been trained and qualified in the United Kingdom, and consequently are very familiar with practices and concepts arising from English Case Law.

The Bahamas also has an impressive selection of well-qualified and experienced public accountants, with an estimated 350 in practice at the present time.

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INVESTMENT POLICY

The Bahamas has a liberal investment policy, with government encouraging and promoting an investor-friendly environment. The Bahamas Investment Authority (BIA) is a one-stop shop designed to cut red tape and facilitate coordination among relevant government agencies.

All major political parties in The Bahamas are committed to maintaining and enhancing its status as a premier international financial centre, ensuring the industry will retain both its stability and profitability.

GLOBAL CONNECTIONS

The Bahamas' superior physical infrastructure includes six international airports served by international airlines providing links to the world. The nation's 23 seaports include a major cruise-ship port in Nassau and a modern container facility – one of the largest in the region of the U.S. Eastern seaboard – in a 200-square-mile free trade zone on Grand Bahama Island.

Telecommunications services in the islands are "state-of-the-art" and are well positioned for redundancy, high speed and substantial bandwidth in a competitive environment.

A COMPLETE INTERNATIONAL CENTRE

While banking, trust and private banking services have been the cornerstones of the country's financial services industry, The Bahamas has emerged as a complete international centre:

Private Banking and Trust Services Among the first international financial centres to recognise the growing demand by high net-worth individuals for private banking and trust services, The Bahamas has responded with modern, flexible legislation that facilitates effective financial planning.

Investment Funds Investment funds are developing rapidly due to the Securities Commission's strong overview of investment fund administrators. Investment funds in The Bahamas enjoy speedy registration procedures, low establishment costs, and minimal corporate or trust formation expenses.

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Capital Markets Asset managers have long selected The Bahamas as a domicile and they, along with broker dealers, have established a growing presence in the country. The establishment of the Bahamas International Securities Exchange (BISX) supports primarily the domestic market – its eventual expansion into the international arena will further reinforce growth in this sector.

Insurance The Bahamas’ insurance legislation provides a flexible user-friendly framework for legitimate investment services with certain features not found in most other jurisdictions.

Corporate Registry The Bahamas has a modern well-balanced regime for the formation of companies. Its standards of due diligence meet the requirements of the FATF. Consequently, IBCs remain an ideal legal vehicle for the conduct of personal investment, investment funds and investment management business in the tax neutral environment of The Bahamas. Other products including the Limited Liability Partnership are also utilised by the international community.

Shipping Registry The Bahamas ranks number one in the world for cruise ship registry and number three in total world tonnage. The strategically located and modern international container port on Grand Bahama is ideal for the transshipment of goods to and from ports in North and South America.

E-Business The Bahamas provides a range of options from virtual presence to full presence, which can draw on highly skilled professional services that have formed the backbone of this country’s pre-eminence in financial services. Further, it can accommodate fulfilment capabilities and offer leisure services unparalleled elsewhere. By tradition a service based jurisdiction, the move to an information based economy is a natural evolutionary step. All of these factors combine to make The Bahamas an attractive and competitive E-business hub for this region.

THE BAHAMAS. THE BETTER CHOICE.

The Bahamas is ideally positioned as a leading international business centre, with the existence of a highly skilled professional talent pool, accepted legislation conducive to business, a risk based regulatory environment, and systems for the prevention and detection of money laundering and financing of terrorism. The depth and quality of financial services institutions is complemented by the provision of a tax neutral platform for all business activity and consistent governance in this independent nation. It is also a country committed to its democratic traditions, fiscal prudence, and a strong public-private sector partnership.

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ABOUT BFSB

A broadly based and highly skilled private sector creates a dynamic mix of banking, trust, fund administration, investment advisory and insurance services in The Bahamas. Augmented by professional advisors from legal, accounting, realty, information and communication technology firms, The Bahamas is a complete international centre.

The Bahamas Financial Services Board (BFSB) represents an innovative commitment by the financial services industry and the government of The Bahamas to promote a greater awareness of the Bahamas' strengths as an international financial centre. BFSB, a private sector body, and its member firms enjoy a strong partnership with the government of The Bahamas. This partnership is focused on ensuring that the country's regulatory and business environment is suitable for both clients and the international stature of The Bahamas as a member of the community of nations.

FOR FURTHER INFORMATION CONTACT:

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