Winter 2014/2015

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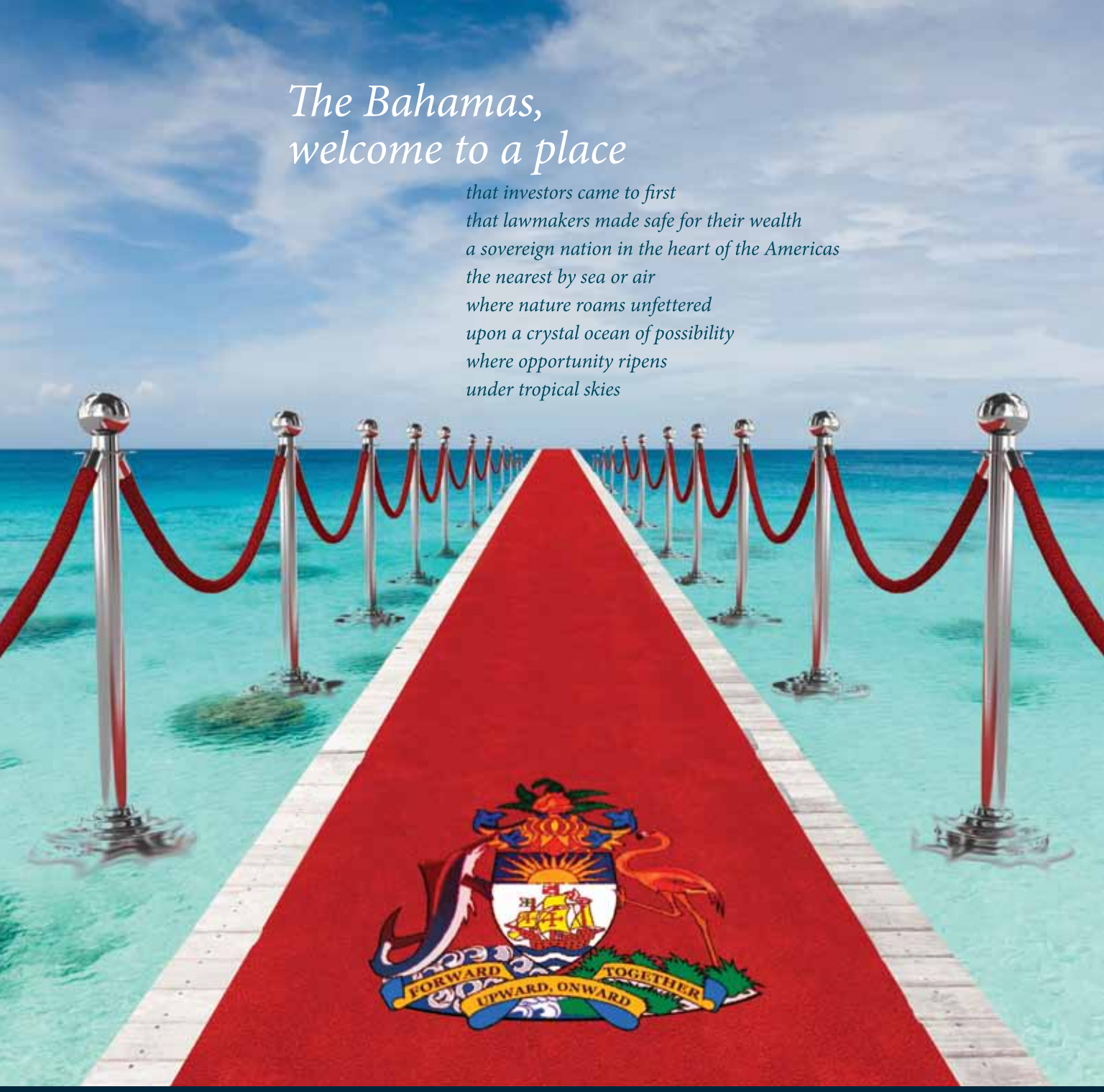

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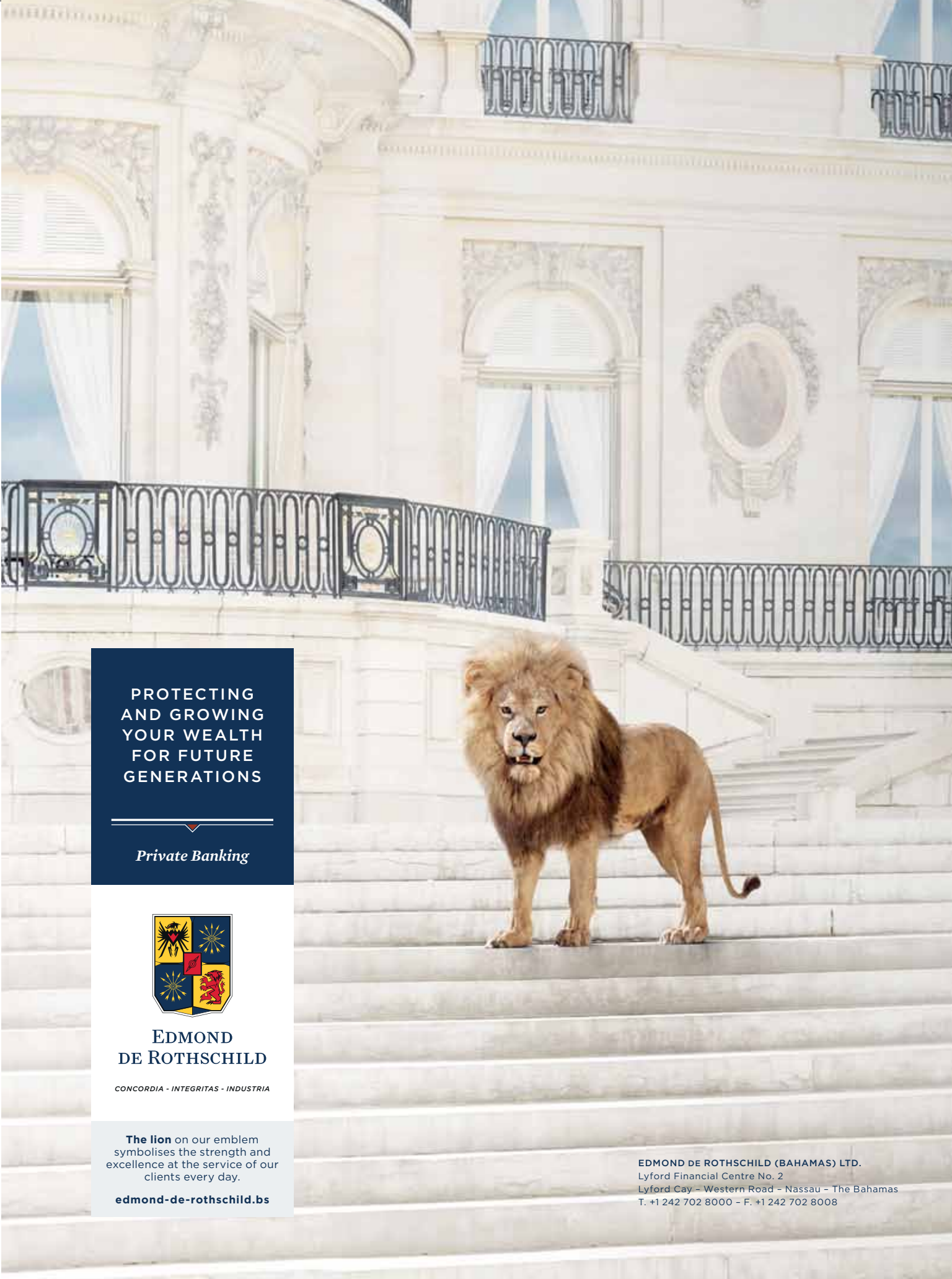

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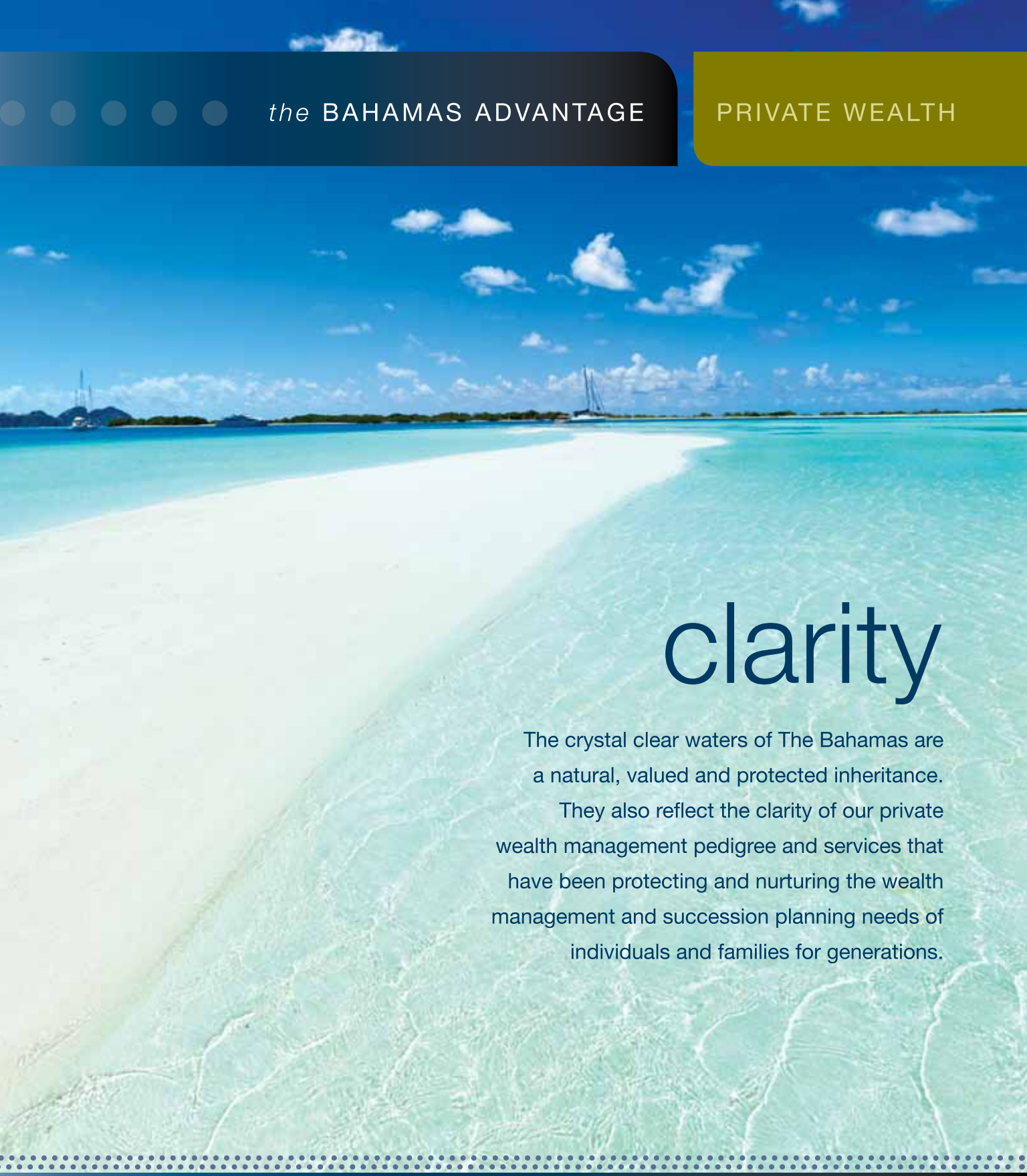

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BAHAMAS FINANCIAL SERVICES BOARD

From the Chairman & the CEO

Prince Rahming, *Chairman, Bahamas Financial Services Board (BFSB)*

Aliya Allen, *CEO & Executive Director, Bahamas Financial Services Board (BFSB)*

They call this the era of transparency and that it is. The adaptation required as a result has been a continuing theme reflected in our recent issues of Gateway. With The Bahamas having signed its FATCA intergovernmental agreement and having agreed to adopt the global standard on automatic information exchange, The Bahamas is firmly in step with the rest of the world. However, this global positioning always keeps the best interests of the financial centre and our clients firmly in mind. Take for example our approach to AEOI and, specifically, the choice not to sign the multilateral convention but instead to adopt the standard and implement this on a strictly bilateral basis. We believe that this allows us to accord with the spirit and intention of the standard while ensuring that our bilateral partners meet proper standards with respect to the confidentiality of the information received. This becomes even more critical in an AEOI environment and The Bahamas is committed to ensuring the safety of its clients. We include under Horizons a Q&A with the Ministry of Financial Services on The Bahamas' AEOI commitment.

In this Gateway edition apart we also explore The Bahamas' newest product, the Investment Condominium ("ICON"). ICON is a testament to the innovation of Bahamas professionals, spurred by the interaction with and advice received by the international advisory community. This Gateway also includes a focus on Brazil and Mexico, two very important markets for The Bahamas as we continue to refine our many advantages for the Latin American client. And, our Bahamas Advantages features speak to the unique client experience and to the many advantages of the Bahamian lifestyle.

We hope that you find this Gateway to be as informative as past issues. BFSB sees Gateway as the premier vehicle for communicating the brand proposition of The Bahamas and looks forward to continuing to provide you with articles that are both interesting and insightful.

Automatic Exchange of Information: The stance taken by The Bahamas

On October 27th the new OECD/G20 standard on automatic exchange of information was endorsed by all OECD and G20 countries as well as most major financial centres participating in the annual meeting of the Global Forum on Transparency and Exchange of Information for Tax Purposes in Berlin. A status report on committed and not committed jurisdictions was presented to G20 leaders during their annual summit in Brisbane, Australia on November 15-16.

The Standard for Automatic Exchange of Financial Account Information in Tax Matters (the "Standard") was presented by the OECD to the G20 Finance Ministers during a meeting in Cairns last September. The Standard provides for exchange of all financial information on an annual basis, automatically. Most jurisdictions have committed to implementing this Standard on a reciprocal basis with interested and appropriate jurisdictions.

Fifty-one jurisdictions, signed the Multilateral Competent Authority Agreement that will activate automatic exchange of information, based on the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. Others, including The Bahamas, have chosen to adopt the Standard without adopting the Convention, preferring instead to implement exchange of information on a strictly bilateral basis (similar to FATCA intergovernmental agreement) as discussed in detail in the frequently asked questions section.

Provided the timelines remain as currently contemplated, The Bahamas is expected to implement the Standard by September 2018. Below is a list of frequently asked questions to assist with understanding The Bahamas' unique approach to the implementation of the Standard in the best interests of the jurisdiction and the clients we serve. Of utmost importance to The Bahamas is that the receiving country is an "appropriate" country for the receipt of such information, including that such country has in place the safeguards necessary to ensure the confidentiality, safety and proper use of the information exchanged.

Frequently Asked Questions about The Bahamas' Commitment to Adopt the Automatic Exchange of Information Standard (AEOI Standard)

1. What did The Bahamas commit to with respect to the automatic exchange of information?

On 27th October, 2014, The Bahamas submitted a letter to the Chair of the Global Forum committing to adopt the Standard on the Automatic Exchange of Information (AEOI Standard) through bilateral mechanisms with interested and appropriate partners that must meet standards on confidentiality, data safeguards and proper use of information. The Bahamas recognized and fully agreed that a receiving jurisdiction must meet comprehensive and objective standards of confidentiality and use of information before automatic exchange of information can be agreed. The AEOI Standard does not have a withholding tax penalty component for non-compliance.

2. Did The Bahamas Commit to the OECD Convention on Mutual Administrative Assistance in Tax Matters (OECD Convention)?

No. The OECD Convention is a multilateral juridical instrument (i.e. with multiple partner jurisdictions through the same agreement) which establishes the legal basis for all forms of international cooperation on tax matters including:

- exchange of information upon request,
- automatic exchange of information,
- spontaneous exchange of information,
- simultaneous tax examinations;
- tax examinations abroad;
- recovery of tax claims;
- retroactive application in certain cases;
- tax claim conservancy and service of documents.

Currently 84 countries and territories are covered by the Convention and there are 68 signatories to the Convention, which are: Albania, Andorra, Argentina, Australia, Austria, Azerbaijan, Belgium, Belize, Brazil, Cameroon, Canada, Chile, China, Colombia, Costa Rica, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Gabon, Georgia, Germany, Ghana, Greece, Guatemala, Hungary, Iceland, India, Indonesia, Ireland, Italy, Japan, Kazakhstan, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mexico, Moldova, Morocco, Netherlands, New Zealand, Nigeria, Norway, The Philippines, Poland, Portugal, Romania, Russian Federation, San Marino, Saudi Arabia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Tunisia, Turkey, Ukraine, United Kingdom, and United States. Fifteen jurisdictions are also covered by the Convention through territorial extension by Denmark: the Faroe Islands and Greenland; by territorial extension by the Netherlands: Aruba, Curaçao and Saint Maarten; and by territorial extension by the United Kingdom: Jersey, Guernsey and Isle of Man (Crown Dependencies) and Anguilla, Bermuda, British Virgin Islands, Cayman Islands, Gibraltar, Montserrat, and Turks & Caicos (Overseas Territories).

The Bahamas is NOT a signatory to this Convention.

3. What are the key differences between the AEOI Standard and the OECD Convention?

The AEOI Standard and the OECD Convention are very different documents and serve different purposes. The AEOI Standard can rely on **either** a bilateral legal instrument such as a treaty or a multilateral legal instrument such as the OECD Convention as its legal basis. **In The Bahamas' case, bilateral legal instruments will be used as the legal basis for the exchange of information with appropriate partner jurisdictions.**

The AEOI Standard sets out the key principles and obligations towards operationalizing the automatic exchange of information from one country to another. Unlike the OECD Convention, the AEOI Standard is not an international legal instrument.

The AEOI Standard document:

• Contains a Model Competent Authority Agreement. The Model Competent Authority Agreement draws heavily on the Intergovernmental Agreements (IGAs) utilized under the Model 1 approach of the United States Foreign Accounts Tax Compliance Act (FATCA).
• Contains the Common Reporting Standard which highlights the technical solutions and schema for implementing the AEOI Standard.
• THE AEOI Standard also addresses the issue of data security and confidentiality with respect to Automatic Exchange of Information. The OECD has stated that AEOI may not be appropriate where the confidentiality and security of the data cannot be ensured in its guidance note on AEOI.
• Does not mandate that information be exchanged on a retroactive basis, or contain a mandatory "look back" period.

As the AEOI Standard calls for the exchange of information between countries, a juridical/legal instrument such as a bilateral FATCA styled intergovernmental agreement, a bilateral Treaty or a Multilateral instrument must be used in addition to domestic legislation to give effect to the Standard.

The Bahamas has elected to use a bilateral approach to implementing the standard -- similar to the process of exchange of information upon request or the intergovernmental agreement approach used under FATCA.

4. When did The Bahamas commit?

The Bahamas committed to the AEOI Standard on 27th October, 2014. The Bahamas had closely followed the AEOI issue over the last year and had been actively engaged with the OECD on this issue.

5. Is The Bahamas an Early Adopter?

No. The Early adopters agreed to fully implement the AEOI Standard by the end of 2017. The early adopters include: Argentina, Barbados, Belgium, Bulgaria, Colombia, Croatia, Cyprus, The Czech Republic, Denmark, Estonia, the Faroe

Islands, Finland, France, Germany, Greece, Hungary, Iceland, India, Ireland, Italy, Korea, Latvia, Liechtenstein, Lithuania, Malta, Mauritius, Mexico, the Netherlands, Norway, Poland, Portugal, Romania, Seychelles, Slovakia, Slovenia, South Africa, Spain, Sweden, Trinidad and Tobago and the United Kingdom; the UK's Crown Dependencies of Isle of Man, Guernsey and Jersey; and the UK's Overseas Territories of Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, Gibraltar, Montserrat, and the Turks & Caicos Islands.

The Bahamas is not an Early Adopter.

6. What are the relevant timeframes for AEOI in The Bahamas

The Bahamas has always demonstrated its commitment to adhere to internationally agreed and universally ascribed standards. The AEOI Standard is now globally agreed within the Global Forum, of which The Bahamas is a member. Consistent with The Bahamas' philosophy of implementing a policy of growth with transparency, The Bahamas committed to implementing the AEOI Standard by the end of 2018, the outside timeframe. Therefore, the first exchange of information on an automatic basis with appropriate, partner countries who have concluded a negotiated bilateral agreement with the Bahamas will be in September, 2018.

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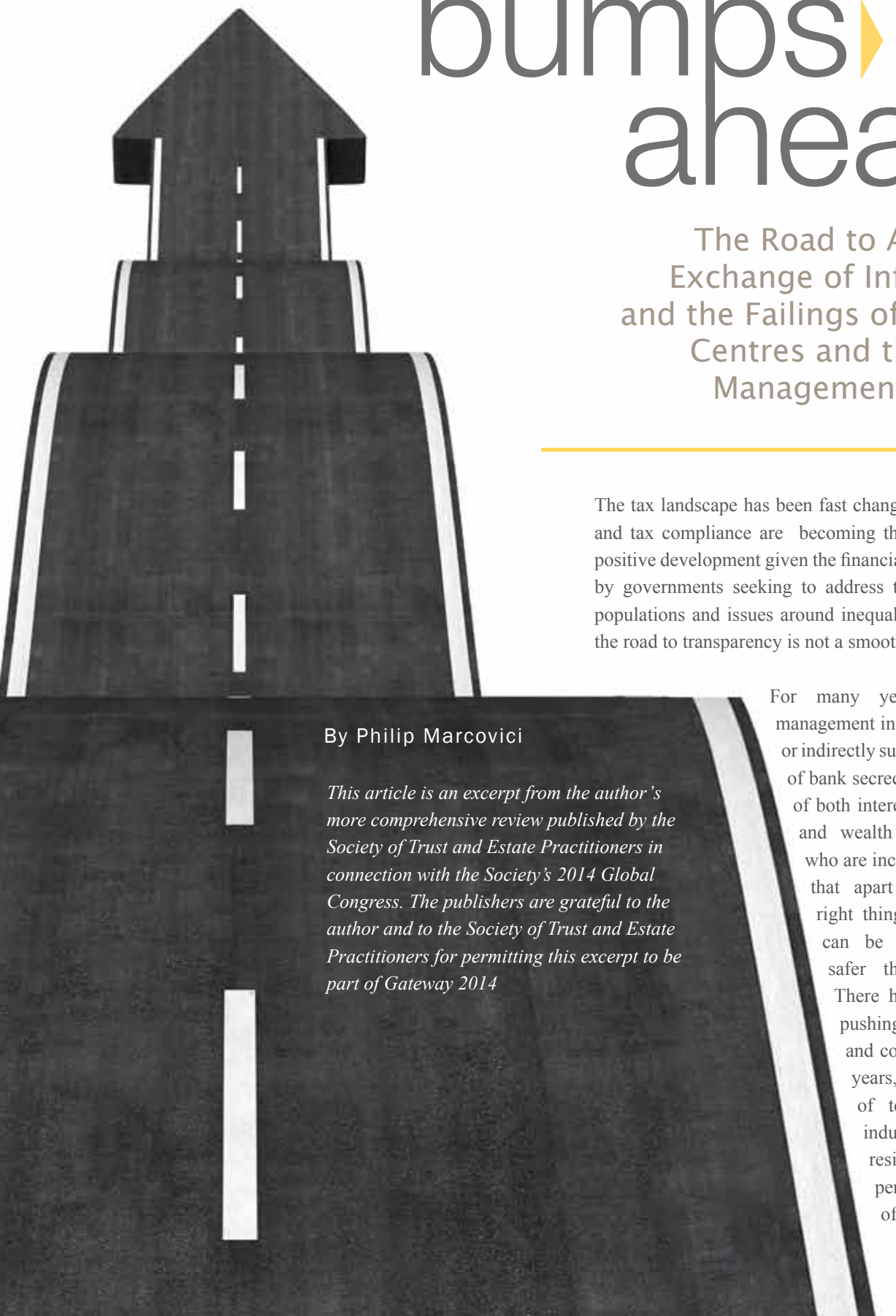
The Road to Automatic Exchange of Information and the Failings of Offshore Centres and the Wealth Management Industry



The tax landscape has been fast changing. Transparency and tax compliance are becoming the norm. This is a positive development given the financial challenges faced by governments seeking to address the needs of their populations and issues around inequality of wealth. But the road to transparency is not a smooth one.

By Philip Marcovici

This article is an excerpt from the author's more comprehensive review published by the Society of Trust and Estate Practitioners in connection with the Society's 2014 Global Congress. The publishers are grateful to the author and to the Society of Trust and Estate Practitioners for permitting this excerpt to be part of Gateway 2014

For many years, the wealth management industry has directly or indirectly supported the misuse of bank secrecy to the detriment of both interested governments and wealth owning families who are increasingly realizing that apart from being the right thing, tax compliance can be far cheaper and safer than tax evasion. There have been voices pushing for transparency and compliance over the years, but the approach of too many in the industry has been to resist change and to perpetuate the ways of the past.

"Undeclared funds are a global problem, and measurement of the amounts involved is very difficult."

Wealth owning families need to hear the truth, and to be guided by their advisors as to how to best navigate a fast-changing and increasingly transparent landscape.

In the case of the private banking and trust world, secrecy all too often was the basis for planning, with aggressive or outright evasive approaches being adopted on the logic that "no one would ever find out." Indeed, private banks and trust companies in a number of jurisdictions marketed bank secrecy and, in effect, tax evasion, as a luxury product, available to those with the wealth and contacts needed to attract them offshore.

Financial centres and the wealth management industry have not done a good job of proactively leading on developments in and around growing transparency. To a large extent, responses have been reactive, defending the past rather than working out how best to cooperatively address the needs of all stakeholders. This lack of strategy has resulted in the future of financial centres and the industry being dictated by others, including onshore governments, which themselves are not necessarily achieving their real objectives.

For many years, arguments on behalf of offshore centers have focused on the notion of a "level playing field," pointing to bank secrecy and the use of opaque structures in countries such as the U.S. as a rationale for continuing past practices. The reality, however, is that onshore countries have every right to tax their residents (and sometimes citizens) as well as foreigners who invest in their countries. But onshore governments need help from those who really understand the world of trusts and other tools used by wealth owners to arrive at ways to balance the need for information to ensure tax compliance with proper privacy protection. The industry failing to recognize this reality has led to a tsunami of over-reaction to the detriment of financial centres, the industry and the families they serve.

Financial centres such as The Bahamas have a special and important role to play in not only educating their service providers and clients on global change, but to help educate onshore and offshore governments and to help smooth out the rough road to transparency ahead. To date, not enough has been done.

Undeclared funds are a global problem, and measurement of the amounts involved is very difficult. The Tax Justice Network has reported the figures involved to be as high as over US$30 trillion. Oxfam has estimated that if taxes were properly paid by those earning the income involved, global poverty would be eliminated twice over.

The Express Train to Automatic Exchange of Information Backed up by Effective Anti-Money Laundering Rules – But Will it Always Work?

There is now rapid progress towards the adoption of global approaches to automatic information exchange, a dramatic departure from the methods of information exchange of the past, such as information exchange upon request. This progress is based on work of, among others, the U.S., the UK, the OECD and the EU.

The U.S. has made great progress in implementing its Foreign Account Tax Compliance Act ("FATCA") approach to tax compliance, and this has, in turn, made it easier for the OECD, with the support of the UK and others, to use FATCA as a basis for the development of a global standard for automatic information exchange. The EU has been successful in moving forward with changes to the EU Savings Directive oriented to closing loopholes, also an initiative that relates to automatic information exchange. Automatic exchange of information, particularly when linked to FATCA-like approaches that focus on the role of banks and other financial intermediaries in documenting the ultimate beneficial ownership of vehicles such as companies and trusts, represents a sea change and the full involvement of the financial services industry in tax compliance and enforcement.

"we are a short number of years away from comprehensive anti-money laundering rules in key financial centers that include tax offences as anti-money laundering offences."

The ability of automatic information exchange to address the global issue of undeclared funds is substantial. An important, but sometimes overlooked, element of tax enforcement relates to the move to have anti-money laundering rules include tax crimes as predicate offences, something that has already been introduced in many countries, including the UK, Singapore and Hong Kong. Through changes to EU anti-money laundering rules and initiatives of the Financial Action Task Force, we are a short number of years away from comprehensive anti-money laundering rules in key financial centers that include tax offences as anti-money laundering offences. Resistance from financial centres that are reactive rather than proactive is a mistake.

Combining the impact of anti-money laundering rules that are effectively enforced (today, they are not) with bi-lateral and other automatic information exchange arrangements, undeclared money should be significantly reduced. A bank, for example, in a traditional bank secrecy country will, where the anti-money laundering rules so provide, have to be comfortable that monies on deposit are tax declared in the home country, failing which anti-money laundering reports will need to be made.

But is the implementation of automatic exchange of information coordinated with the move to ensuring that tax crimes are a predicate offence in anti-money laundering rules? Is enough being done to consider the legitimate taxing needs of developing countries whose tax and related laws may not be "ready" for automatic exchange of information, meaning that implementation of bi-lateral agreements with key financial centers will not take place for many years to come? Could financial centers and the industry benefit from a proactive approach to change that puts the interests of their clients at the centre? Is there an understanding that wealth management is a knowledge industry requiring ongoing investment in education and training at all levels?

The rocky road ahead would benefit from more in the way of strategic input rather than sleepy dreams of the past from the world's financial centres and wealth management players. It is time to be proactive rather than reactive. ::

Philip Marcovici

Philip Marcovici is retired from the practice of law and consults with governments, financial institutions and global families in relation to tax, wealth management and other matters.

Philip was a partner of Baker & McKenzie, a firm he joined in 1982, and practiced in the area of international taxation throughout his legal career. Philip was based in the Hong Kong office of Baker & McKenzie for twelve years, relocating to the Zurich office of Baker & McKenzie in 1996. Philip has also practiced law in each of New York and Vancouver, British Columbia. Philip retired from Baker & McKenzie at the end of 2009.

In 2013, Philip received a Lifetime Achievement Award from the Society of Estate and Trust Practitioners.

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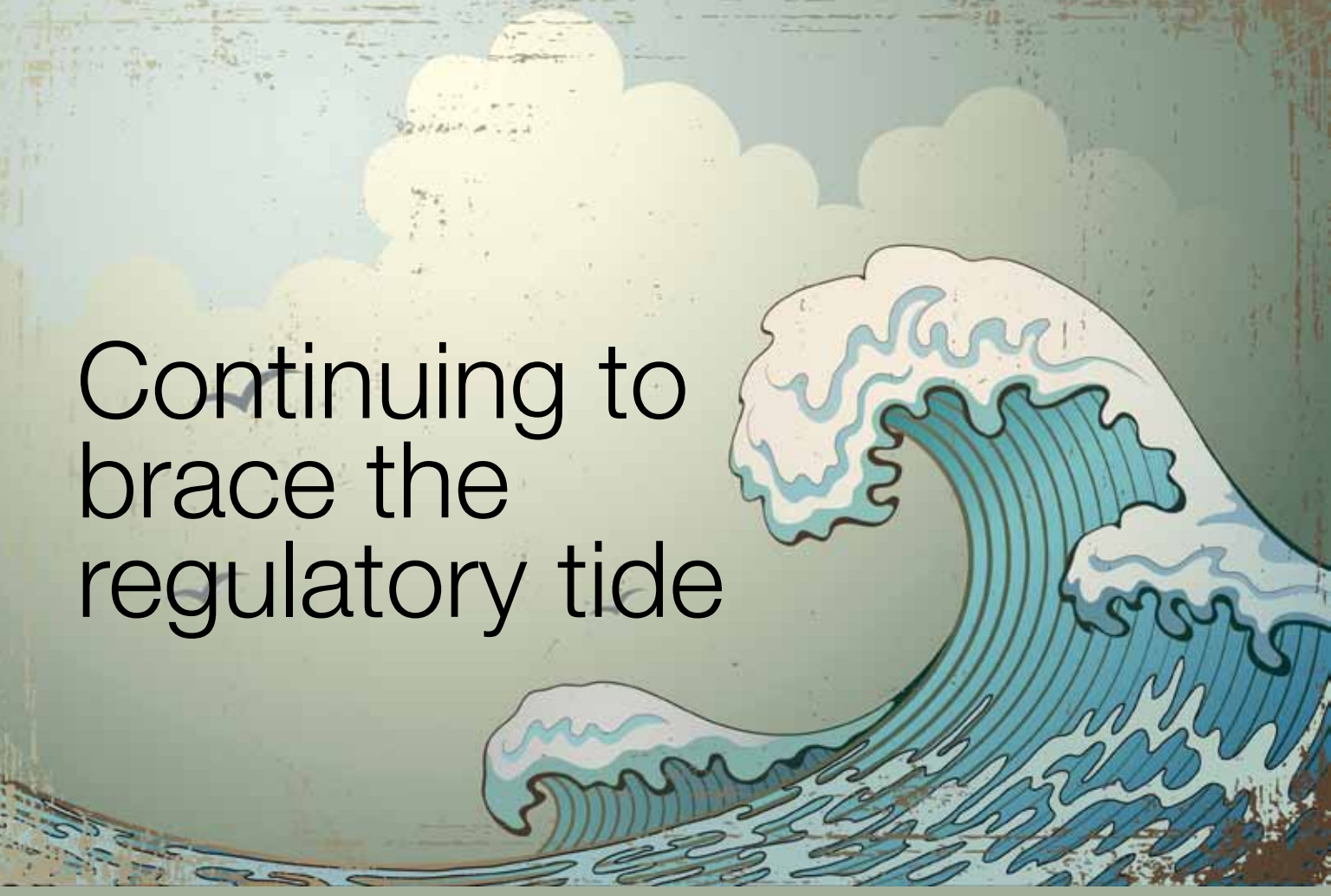

Continuing to brace the regulatory tide

By Dr. Iyandra P. Bryan

2014 continues to derive a number of regulatory matters to which Bahaman financial institutions must be aware.

I. Maintaining the 'Current' in the Funds Industry: Fund Managers Coping with the Current of the EU ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE

The EU Alternative Investment Fund Managers Directive 2011/61/EU (AIFMD) requires any fund manager in The Bahamas which manages and/or markets alternative investment funds (AIFMs or singularly, AIFM) in the European Union (EU) or any non-EU AIFs being marketed in the EU (AIFs or singularly, AIF) to be authorized by, or registered with, a competent authority in the EU.

The AIFMD contains a broad legal definition of an AIF, and seeks to capture any non-UCITS (Undertakings for Collective Investment in Transferable Securities) investment fund.

An AIF is defined as a collective investment undertaking which raises capital from a number of investors, with a view to investing it in accordance with a defined investment policy for the benefit of those investors. An AIF may be either an open-ended or closed-ended fund and may take any legal form.

The AIFMD introduces the following key changes:

1. AIFMs will be subject to detailed rules on delegation, transparency, conduct of business, remuneration, leverage and reporting.
2. AIFMs will be required to appoint an independent custodian for each AIF which they manage.
3. AIFMs will be required to have independent risk management and valuation functions.
4. AIFMs authorized under the AIFMD will be granted a passport to either manage AIFs in other EU Member States

"Such cooperation and information-sharing arrangements puts the Bahamian funds industry in a strong position and maintains the status quo for Bahamian AIFMs marketing or Bahamian funds being marketed to EU persons."

or market units or shares in AIFs to professional investors.
5. Non-EU AIFMs marketing AIFs within the EU will be required to comply with disclosure requirements to both investors and EU regulators.
6. AIFMs and certain non-EU AIFMs that invest in private equity will be subject to certain asset stripping rules.
7. From 2015 non-EU AIFMs may acquire a passport to market units or shares in AIFs within the EU but will require authorization within the EU.
8. From 2019 the European Commission could potentially end the national placement regime of units or shares in AIFs across the EU.

Importantly, to enable non-EU AIFMs to market and non-EU AIFs to be marketed into the EU, they must be resident in jurisdictions which have entered into cooperation and information sharing regulatory arrangements with relevant EU countries. Positively, the Securities Commission of The Bahamas (the Securities Commission) has entered into twenty-four agreements with EU countries, and expects to conclude entry into agreements with all 31 EU countries by the end of 2014. The Securities Commission entering into such information reporting and cooperation agreements is consistent with the Bahamian Government's obligations under IOSCO 'Category A'. Such cooperation and information-sharing arrangements puts the Bahamian funds industry in a strong position and maintains the status quo for Bahamian AIFMs marketing or Bahamian funds being marketed to EU persons.

There also has been some indication that the Securities Commission is considering or has considered suggestions to implement a regulatory regime in The Bahamas to accommodate Bahamian or non-Bahamian fund managers who wish to market Bahamian funds in the EU and the issue has arose as to whether a two-tiered regulatory approach (one for EU-focused funds marketed in the EU and non-EU focused funds) should be put in place.

II. Bahamian Financial Institutions Now Riding the Wave of FATCA

FATCA Background

The Foreign Account Tax Compliance Act (FATCA) is designed to ensure increased tax compliance by US taxpayers with respect to accounts held in foreign financial institutions. Under FATCA, Bahamian financial institutions will be required to report to determine which of their accountholders are US persons and report this information or impose a thirty per cent (30%) withholding tax on certain US source payments to entities that do not facilitate reporting of their US account holders to the US Internal Revenue Service ("IRS").

Bahamian FATCA Reporting

On 17 April 2014, the Government of The Bahamas entered into an agreement, in substance, with the Government of the United States to comply with FATCA through a Model I Inter-Governmental Agreement (IGA) on a non-reciprocal basis. On November 3, 2014, The Bahamas completed the necessary formalities and signed the intergovernmental agreement with the US Treasury relative to implementing FATCA.

The IGA provides the framework for the implementation of FATCA in The Bahamas. Under the IGA's regime, the Bahamian Government will require its financial institutions that are subject to FATCA to collect and report details of their US accountholders to the Bahamas Competent Authority, likely to be the Ministry of Finance (the Bahamas Competent Authority). The Bahamas Competent Authority will then collate and share such information with the IRS on a non-reciprocal basis.

A Bahamian financial institution that complies with the IGA will, under US law, be deemed compliant with the requirements of FATCA and not be subject to the thirty (30) per cent withholding tax which may otherwise be applicable.

Bahamian financial institutions that are subject to FATCA will need to:

1. Register with the IRS by 31 December 2014. (US withholding agents required to confirm GIINs beginning 01 January 2015).
2. Report annually to the Bahamas Competent Authority, information relating to investors that are US persons or that are controlled (25% or more) by US persons.

The first report containing this information is required by 30 September 2015 and includes the following:
• Account holder's name
• Account holder's US taxpayer identification number
• Account holder's address
• Account number
• Account balance or value
• For accounts held by recalcitrant/non-consenting account holders, aggregate number and balance or value

The second report is required by 30 September 2016 and includes:
• Everything reported in the first report
• Income paid (except certain gross proceeds from the sale or redemption of property)

The third report is required by 30 September 2017 and includes:
• Everything reported in the first and second reports
• Gross proceeds paid to custodial accounts

Exemptions

The IGA designates certain classes of Bahamian financial institutions as non-reporting financial institutions under FATCA. These Bahamian financial institutions are exempted because they either have exempt beneficial owners or are deemed to be compliant under FATCA.

The following Bahamian financial institutions are treated as non-reporting financial institutions because they have exempt beneficial owners:
1. governmental entities;
2. international organizations;
3. the Central Bank of The Bahamas;
4. funds that qualify as exempt beneficial owners (certain pension funds and retirement funds).

The following small/limited scope financial institutions qualify as deemed compliant under FATCA and are therefore treated as non-reporting financial institutions under the IGA:
1. financial institutions with a local client base [1];
2. local banks;
3. financial institutions with only low-value accounts [2]; and
4. a qualifying credit card issuer.

The last group of non-reporting financial institutions are investment entities that qualify as deemed-compliant entities and are therefore treated as non-reporting financial institutions under the IGA, including:
1. trustee-documented trusts;
2. sponsored investment entities [3];
3. sponsored closely-held investment vehicles;
4. investment advisors and investment managers; and
5. collective investment vehicles.

Preparing for FATCA Reporting

Bahamian financial institutions need to prepare for Bahamian FATCA reporting.

First, Bahamian financial institutions should confirm their FATCA status and determine what their reporting obligations (if any) will be under The Bahamas' FATCA reporting regime.

All Bahamian financial institutions that are required to register with the IRS under FATCA must do so before 31 December 2014. Upon registration, Bahamian financial institutions will receive a "Global Intermediary Identification Number" (GIIN). From 01 January 2015, US withholding tax agents will generally require a GIIN as evidence that US FATCA withholding tax does not have to be applied to any US source payments.

Bahamian financial institutions should obtain duly completed self-certification forms (Form W-8BEN-Es, Form W-8BENs, etc) from relevant parties (accountholders, investors, etc) that confirm their FATCA status for reporting purposes, and should ensure that all necessary processes are in order to be in a position to identify and report all required information to the Bahamas Competent Authority.

To date, over 730 Bahamian financial institutions have registered on the IRS web registration portal and obtained a GIIN.

III. Tide has Come Onshore: OECD released the first edition of the standard for Automatic Exchange of Financial Account Information in Tax Matters

On 21 July 2014 the Organization for Economic Co-operation and Development (OECD) released the first edition of the Standard for Automatic Exchange of Financial Account Information in Tax Matters. It contains the Common Reporting Standard (CRS) which bears some resemblance to the US FATCA Intergovernmental Agreements while being tailored to take into account the multilateral essence of the CRS.

Similar to the FATCA Model I IGA, under the CRS, financial institutions would be required to report information on "reportable accounts" (accounts held by individuals and entities considered "reportable persons" and "passive non-financial entities") with "controlling persons" that are considered "reportable persons". Reportable information includes the jurisdiction of residence and place of birth for individual account holders in addition to the Tax Identification Numbers (TINs) and date of birth, as is the case under FATCA. Under certain circumstances, one financial account could be reported to multiple jurisdictions.

Countries committed to implementing the CRS must sign either a bilateral or multilateral Model Competent Authority Agreement (Model CAA) which will set out the terms and conditions for the exchange of financial account information and the translation of the CRS into local law.

Ninety-three countries have agreed to a common table for the implementation of the standard for automatic exchange of financial account information in tax matters. ::

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[1] At least 98% of the financial accounts by value maintained by the financial institution must be held by residents (including residents that are entities).

[2] No financial account maintained by the financial institution or any related entity has a balance or value in excess of $50,000 or less and where the financial institution does not have more than $50 million in assets on its balance sheet, and the financial institution and any related entities, taken together, do not have more than $50 million in total assets on their consolidated or combined balance sheets.

[3] The final regulations of FATCA introduces a category known as the sponsored investment entity, which allows a sponsoring entity to register with the IRS to undertake the FATCA responsibilities on behalf of sponsored entities. As the sponsoring entity, it registers the sponsored entity FFI, registers itself as a sponsoring entity, and generally fulfills the FATCA requirements of the sponsored entity FFI.

Dr Iyandra P. Bryan
Managing Director
Lyford Tree Corporate Services

Iyandra serves as Managing Director of Lyford Tree Corporate Services.

By profession, Iyandra is a corporate attorney admitted to the Bars of the State of Florida, the District of Columbia, and the Commonwealth of The Bahamas with an extensive background in financial and corporate law, having acted in all aspects of corporate transactions including formation of business entities; restructuring; mergers and acquisitions; joint ventures; and in large scale structured finance transactions.

Iyandra practiced law for over three years at the largest law firm in The Bahamas, Higgs & Johnson, where she served as lead Associate in several major financings and acquisitions. During this time, she was on loan to Appleby Global, the world's largest offshore firm, at its Cayman Islands office, where she practiced in the restructuring and insolvency practice areas.

Iyandra is a member of the Funds, Trade & Tax, and International Initiatives Working Groups of the Bahamas Financial Services Board, and has assisted with the private sector review of various pieces of financial services legislation. She was also appointed by the Bahamian Government to serve on its Advisory Working Group on FATCA and on a sub-committee advising the Bahamian Government on Introduction of VAT in The Bahamas.

Iyandra is an accomplished speaker and writer, having spoken and written a number of articles on a myriad of financial issues. For three years, Iyandra delivered a paper at the world-renowned Cambridge Symposium on Economic Crime at Jesus College, Cambridge.

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The Bahamas Investment Condominium is an ICON

By Aliya Allen

"The Bahamas is not content to be viewed as simply a niche fund player; it has set its sights much higher, looking to expand awareness of its entire funds offering"

The Bahamas recently has witnessed an upward trend in investment fund registrations which is indicative of the successful niche fund business this jurisdiction has built, largely on the back of the investment fund vehicle known as the SMART Fund. Even with more institutionally focused templates like the SMART 7, SFMs have been used as a cost-effective investment fund vehicle for families, family offices, and related investors.

The SMART Fund concept was conceived in the spirit of truly risk based regulation in recognition of the fact that depending on the structure of the investment fund, the regulation could be tailored appropriately to fit the specific business case. This is justified by the cap on the number of investors that may invest in many of the templates. As a result, the regulation accommodates agreement by a small number of investors to waive the production of audited financials in favour of semi-annual performance reports. In practice, this waiver may be utilized once or not at all but the utility is there should the investment fund require it to accommodate an illiquid strategy, or the consolidation of an audit in one jurisdiction.

While the number of SMART Funds on the register grows, The Bahamas is not content to be viewed as simply a niche fund player; it has set its sights much higher, looking to expand awareness of its entire funds offering, including its well-regarded professional fund which may be established for sophisticated investors satisfying certain net worth qualifying criteria. Brazil has become an increasingly important market for The Bahamas, the result of a consistent and dedicated focus on assisting with satisfying the sophisticated requirements of a jurisdiction whose hedge funds number in the region of 13,000. The Brazilian multi-market fund is authorized to invest up to 100% of its assets in foreign financial assets. It would not be overreaching to estimate that a large number of the existing funds licensed in The Bahamas originated to accommodate Brazilian funds, fund managers, investors and strategies.

The condominium has been a part of the Brazilian civil code for almost 90 years. Under Brazil's civil code the condominium was the formalization of the concept of joint ownership and administration of property (in all forms) between co-owners within an unincorporated entity that looks very similar to a partnership but operates in many respects like a company. The condominium is not a legal entity separate and apart from co-owners and the administrator is empowered to act on behalf of and represent it in all matters. As a result of further amendments, a condominium investment fund was created; this modified the original condominium concept providing that a condominium (in the investment funds context) was a 'pooling of funds intended for investments in a diversified portfolio composed of financial assets and other instruments available on the financial market.'

The Investment Condominium (ICON) continues The Bahamas' commitment to bringing to market client responsive legislation with its main purpose being to provide an alternative legal structure for investment funds that is inherently familiar to those in Brazil and indeed those in countries which have similar constructs. It was this commitment to building products that benefit from cultural and legal familiarity that saw The Bahamas introduce foundations law in 2004; the ICON is an extension of this.

"The ICON is an example of The Bahamas' consistency and commitment with respect to its clients and is indicative not only of where The Bahamas is positioned now in the investment funds sector, but also of its aspirations to be the preeminent hub for funds and asset management to the Americas and beyond," said the Minstry of Financial Services. "That aim is furthered by the measures we've taken to ensure that the regulatory environment meets international norms and standards while retaining where possible a flexible and risk-based approach to the regulation of investment funds."

The ICON is a product of the collaborative and progressive approach to the development of new legislation in The Bahamas. With the help of the Ministry of Financial Services, the Association of International Banks and Trust Companies in The Bahamas (AIBT), and our many Brazilian advisors and partners, we have produced a sterling example of the kind of innovation that has been the touchstone of The Bahamas brand for some 90 years.

Antoinette Russell, AIBT's Chairman, says "We believe that the ICON is another example of The Bahamas' never-ending commitment to be first in class in the provision of market responsive regulated and sophisticated products. But it is only the latest example of it. This commitment is evident in a host of other products, including the SMART Fund, the Bahamas Executive Entity and the Foundation."

The ICON enables sophisticated Brazilian investors to access and establish offshore funds in a format to which they are already very well accustomed, where the fund administrator assumes a relatively enhanced role encompassing the traditional functions of accounting and investor relations, in addition to fund governance.

According to Brian Jones of UBS Trustees (Bahamas) Ltd., "A familiar legal structure can be matched up with the regulatory overlay of the Bahamian funds regime, which also has much in common with the Brazilian fund regulatory environment, considering that both countries are Members (A Signatories) of the International Organization of Securities Commissions (IOSCO). The two jurisdictions therefore share equivalent securities industry policies and standards on multiple levels"

Building on this background, the Bahamian ICON offers Brazilian investors a mutually inclusive regulatory framework that is conducive to improving the efficacy of cross-border investment business. Its main advantage is that it offers an alternative way of establishing the legal nature of offshore funds, which has many implications. " Since the ICON has practically the same legal profile as an onshore Brazilian condominium, and it is registered and regulated in a recognized jurisdiction, it is potentially the ideal offshore fund vehicle for Brazilians who are looking for a way to invest overseas," said Mr. Jones.

The ICON is the legal structure underpinning the investment fund in the same way as investment funds are legally organized as companies, exempted limited partnerships and unit trusts. The ICON's purpose is tied to its operation as an investment fund and is defined as the contractual relationship subsisting between participants agreeing to the pooling of assets for the purpose of investing those assets collectively.

The ICON possesses no distinct legal personality save that for the purposes of the legislation it is able to hold assets in its name; enter into agreements in its name; and sue and be sued in its name. The lack of legal personality is addressed by the appointment of an administrator that is empowered to transact in its name, and represent and bind the ICON.

The ICON is established by the initial participants signing "governing regulations" which is the governing document of the ICON. The initial participants engage the ICON's administrator which must be an institution that is regulated by the Securities Commission of The Bahamas as an investment fund administrator under the Investment Funds Act. The administrator will then prepare a certificate evidencing that the ICON has been established, and which contains the information specified in the schedule to the Bill. This certificate subsequently is signed by the administrator and submitted along with a prescribed fee to the Registrar General for stamping.

The Road to Becoming an ICON

A unique feature is the provision for other types of entities - e.g. companies, unit trusts and exempted limited partnerships - to convert to an ICON by following a defined procedure. "ICON legislation is clear as to the effect of conversion and it is important to note that conversion does not relieve a converted entity from liabilities or obligations incurred preceding the conversion to an ICON, " according to Pamela Klonaris and Sofia Papageorge from Delaney Partners.

They said there are three routes to becoming an ICON:
1. Establish an ICON and then license it as an investment fund.
2. Convert an existing Bahamian International Business Company ("IBC"), Exempted Limited Partnership ("ELP") or Unit Trust ("UT") into an ICON and then license the converted ICON as an investment fund.
3. Re-domicile a foreign company or partnership to its Bahamian counterpart, convert the entity into an ICON, or in the case of a foreign trust, change its governing law to that of The Bahamas, and convert it into an ICON and then license the ICON as an investment fund.

Governance and Administration of the ICON

The role and responsibility of a typical investment fund administrator is set out in the Investment FundsAct (IFA). This role is contractual in nature and an administrator's duties under the IFA includes ensuring that the operations of an investment fund are carried out in accordance with the governing documents, ensuring the preparation of audited financial statements, and ensuring the business of the fund is not being carried on in a manner that is prejudicial to investors.

One of the most important aspects of any investment fund structure is governance. Strong governance is essential for the proper realization of the fund's investment objectives and for the fair treatment of the fund's investors. Under the IFA, governance is a function and responsibility of the fund's operators, which depending on the legal structure of the fund, may be the directors, trustee or general partner.

Choice of Administrative Structure

"The ICON will change the current paradigm in that under the ICON Act and amended IFA, the responsibility for governance of the ICON is centralized in the ICON's administrator," said Antoine Bastian, Genesis Fund services. "If the ICON chooses to engage a single administrator, that administrator performs the governance role of the operator as well as the general administration role of the administrator under the IFA."

Alternatively, the ICON may split the governing and general administrator functions between two institutions called the general administrator and the governing administrator. Where the functions are split , the governing administrator is the operator of the ICON under the Investment Funds Act in the same way that a director is the operator of a company, a trustee the operator of a unit trust, or a general partner the operator of a partnership under the IFA.

The governing administrator's role is critical in that it is given the power to bind the ICON in all matters and it also bears a fiduciary responsibility to the ICON's participants. The inherent risk involved in occupying such a vital role in the ICON is mitigated by the right of an administrator to call upon the indemnification extended to it under the ICON Act, except where such administrator has acted in wilful default of its duties.

The general administrator, on the other hand, performs the duties of general administration of an investment fund with typical responsibilities of processing subscriptions, sending confirmations and providing essential and traditional activities common to fund administrators and as defined by an administration agreement between the fund and itself. The general administrator is required to keep a record of the participants' interests in a "Register of Participants".

The administrator is also required to keep proper books and records and provide net asset valuations. The Act allows for these administrative duties and responsibilities to be delegated to a person with appropriate expertise.

"The ICON follows in the tradition of the Bahamas Executive Entity in being the first of its kind in the common law world."

Appointment and Qualification of the Administrator

The administrator(s) is appointed by the initial participants of the ICON who exercise an agreement setting out the terms upon which the ICON shall be administered. An administrator may be removed and replaced by participants entitled to vote in respect of their participation interests by way of resolution agreed or consented to by such majority as specified in the governing regulations. It is to be noted that an administrator cannot be removed unless and until a replacement administrator has agreed to act and has entered into an administration agreement.

Linda Beidler-D'Aguilar, Partner, Graham Thompson, points out that, the governing administrator's role is critical in that it is the primary interface between the fund, its service providers, and its investors. The governing administrator must be one of the following:

• a "financial institution" as defined in the ICON Act;
• an institution licensed as a corporate services provider under the Financial and Corporate Services Providers Act (Ch.369);
• an institution licensed under the Securities Industry Act (No. 10 of 2011) to deal in securities;
• a bank or trust company licensed by the Central Bank of The Bahamas under the Banks and Trust Companies Regulation Act (Ch. 316);
• or an entity registered with or licensed by a regulatory authority in a foreign jurisdiction, which regulatory authority exercise functions that correspond to regulatory functions exercised by the Central Bank of The Bahamas or the Securities Commission of The Bahamas.

Mrs. Beidler-D'Aguilar continues, "The general administrator also must be a financial institution as defined in the ICON Act. It performs the duties of administration of an investment fund with typical responsibilities."

The ICON demonstrates The Bahamas' keen understanding of the regulatory environment and the needs of the clients we service. In the current climate, success for an IFC depends on a host of factors but certainly one of them is the ability to develop market-responsive, compliant and innovative products. The ICON follows in the tradition of the Bahamas Executive Entity in being the first of its kind in the common law world…and that's quite iconic indeed. ::

Aliya Allen
CEO and Executive Director of The Bahamas Financial Services Board

Aliya Allen is the CEO and Executive Director of BFSB, a position she has held since January 2012. Prior to this she was a partner in top tier Bahamas law firm, Graham Thompson, specializing in financial services and general corporate law. She was listed in Chambers Global 2012 as an up and coming leading lawyer. Before entering private practice she was Counsel to the Office of the Attorney General in international cooperation and civil matters. She holds n LLB (Hons) from the University of Buckingham and completed the Bar Vocational Course at Manchester University. She is admitted to the English and Bahamas Bars and is a member of the Honourable Society of Gray's Inn.

The Bahamas is the new place to be for commodities traders

By Miguel Gonzalez

As old as human history...

Commodities trading is almost as old as human history. As civilisations developed, they started to rely less and less on self-sufficiency. Peoples specialised more and more on their relative strengths and were therefore forced to develop commerce, for example by importing the metals they needed to forge tools and ploughs and by exporting their harvests to finance their imports.

As exchanges became more distant, the risks involved in storing and transporting goods increased substantially and specialised traders started to emerge, in China, in Egypt, in Rome and in the 19th century in England with the industrial revolution. Until the 1970's, cereals were the main traded commodities. Then, with the oil shock and the huge volatility in energy prices that followed, the spot markets for crude oil and gas emerged and soon surpassed the volumes exchanged in any other commodities.

From physical to financial

At the time, the market was mostly limited to physical traders and the futures prices were essentially linked to physical markets. But as the futures markets developed, a new kind of operators started to appear: the financial operators, such as investment funds, hedge funds, arbitragers and trading desks at investment banks.

To stabilize their revenues and profit margins, commodity trading companies started to integrate vertically by acquiring industrial and logistical assets. This integration allowed them to better control the value chain.

The commodity trading sector has experienced a spectacular growth in the past 10 years as the globalisation of the economy has triggered the economic development of the emerging countries and the phenomenal increase in international trade. The incredible rise in demand for raw materials from countries like China, India, Brazil or Russia is at the origin of the so-called "super-cycle" of commodities. Indeed, developing economies, particularly in Asia, have enormous needs in all commodities.

This huge increase in trading volumes and the stellar rise in commodity prices have increased traders' financial needs and commercial banks have become an increasingly essential partner for them. The financial needs of traders have evolved spectacularly as the increase in commodity prices brought an inflation of credit lines

Commodities traders are essential

Commodity traders remain a key element in world commerce. Despite all the speculation from financial players that goes on every day through futures, options, basket, swaps and indices, at the end of the day, commodity traders have an in-depth knowledge of the physical markets and that can ensure the proper functioning of the whole value chain.

Indeed, commodities traders play a crucial part: as commodities are distributed unequally in the world, the trader balances offer and demand through transport, storage and conversion operations. By buying commodities at production sites and selling them at consumption points, the dealers facilitate a better allocation of resources.

Commodity traders have a decisive importance as they guarantee producers' access to the markets and consumers' access to resources. They play an essential role between producers and consumers as organisers of the value chain. As the flows in a globalised economy grow increasingly complex, commodity traders act as intermediaries for information, liquidity and risk control between economic agents, representing an interface between all levels of the logistical chain. They also facilitate the realisation of transactions by managing the operational and commercial risks.

The Bahamas: the emerging centre for commodities traders

Besides the established financial centres like London, New York, Singapore and Geneva, The Bahamas is emerging as a new favourable location for commodities traders. Indeed, The Bahamas gather in one place several advantages that make it an attractive location for commodity trading:

- **A solid yet liberal regulatory framework**. While the Bahamas Government adheres to strict international compliance standards and regulatory principles, it is also committed to building an economic environment in which free enterprise can flourish.
- **A convenient and strategic location** in the same time zone as the United States, Canada and most business centres in Latin America. The Bahamas offers modern technical facilities with fibre-optic cable networks and links to 21 international airports.
- **A favourable taxation system**. There is no tax neither on company profits nor on trader's bonuses and The Bahamas strongly believes in the right to privacy.
- **A duty-free zone in Freeport facilitates trading and shipping activity.** The maritime sector is growing in The Bahamas, revolving around ship registry services and shipping companies.
- **A great lifestyle.** The Bahamas is located in one of the most idyllic tropical settings in the world that make it an ideal location to live with a family and enjoy the pleasures of miles of natural sand beaches, outdoor activities, casinos, high quality schools and restaurants.

Proof of The Bahamas attractiveness is the fact that one of the top commodities traders in the world has recently opened a trading office in Nassau. We expect others to follow the lead. ::

Miguel Gonzalez
Managing Director
SYZ & CO Bank & Trust

Miguel Gonzalez is currently Managing Director and Board Member of SYZ & CO Bank & Trust Ltd. and also serves as Head of Investment Management at the Institution.

Miguel has served for 2 consecutive terms on the Board of Directors of the Bahamas Financial Services Board (BFSB), and is currently on the Board of Directors of the Association of International Banks & Trust (AIBT)

Prior to becoming Managing Director of SYZ & CO Bank & Trust Ltd. in 2001, Miguel Gonzalez served as Client Relationship Manager and Vice President for Pictet Bank & Trust Limited, Nassau.

Miguel Gonzalez has a Degree of Law and a Degree of Economics, both from the University of Geneva, the Faculties of Law and Economics, respectively

CAPTIVE INSURANCE DOMICILES - THE BAHAMAS:

The NEW GOLD Standard?

By Peter Strauss

Perhaps the most overlooked and yet increasingly critical decision for Captive Insurance Company (CIC) owners is domicile selection. What used to begin and end with the simple question of either onshore or offshore now requires a full-scale analysis of dozens of specific factors to determine the appropriate domicile. These factors include but certainly are not limited to responsible regulatory oversight, a proven track record, capitalization and investment requirements, legislation that supports the CIC owners objectives, timely application processing, and increasingly so, asset protection. With approximately 70 jurisdictions domestically and internationally to choose from (and expected to increase) how does one navigate the minefield to determine which is appropriate? The answer: let the facts speak for themselves.

While the competitive gap between domestic and offshore captive jurisdictions continues to decrease, offshore jurisdictions are still considered to be more flexible, and typically more accommodating to captive insurance companies underwriting the risks of small business owners.

As it relates to the regulatory environment, The Insurance Commission of The Bahamas (ICB) has a proven track record of being captive-friendly having previously established more than 80 cell captive insurance companies as of 2013. While accommodating a variety of captive structures, the ICB ensures that all captive activity is rooted in a responsible regulatory framework. Further substantiating the availability of the jurisdiction to accommodate smaller insurance companies, the ICB has passed reasonable minimum capitalization requirements amounting to the greater of $50,000 or 20% of gross written premiums. As an example, in the case of a CIC with annual premiums of say $100,000, posting capitalization in line with Bahamian regulations represents a more effective use of capital compared with the onshore alternatives in which capitalization averages in the $400,000 range.

In addition, the ICB has the internal resources available to evaluate a complete application in approximately 30 days. Once approved, the Insurance Commission has a logical regulatory framework that is free from the more onerous regulatory requirements typically applied to commercial insurers for the purposes of protecting the uninformed public from buying a product they do not understand. A sophisticated insured is directly involved in the decision to use alternative risk financing mechanisms such as a CIC and have elected to put their own capital at risk to achieve strategic risk financing objectives. In this regard, the CIC itself is subjected to a fair but more stringent regulatory requirement that can and should be respected by any governing body. CIC owners are required to undergo an annual financial audit, which represents an aggregation of its financial statements and the Directors of the CIC are legislatively tasked with the responsibility of ensuring the solvency in accordance with the relevant Bahamian insurance statutes. To that end, CIC owners with licensure from The Bahamas enjoy more latitude with the investment capabilities than can traditionally be found onshore and yet

still maintain credibility based on the existing infrastructure and the accommodating regulatory framework.

The tax treatment of establishing a CIC in The Bahamas is also an important consideration. In this regard, two important elections may be filed on behalf of the CIC, a 953(d) election and an 831(b) election.

Electing for treatment under section 953(d) of the Internal Revenue Code allows a foreign business to elect to be treated as a US Corporation for tax purposes, as opposed to a controlled foreign corporation. Therefore, while a CIC may be licensed in The Bahamas and all subsequent business transactions take place in The Bahamas, the company will be treated as a US corporation for tax purposes and will obtain a Federal Employment Identification Number.

Once the EIN is obtained on behalf of the Captive, an 831(b) election may be filed. Provided the Captive is established in a manner that is considered to be insurance for US income tax purposes, section 831(b) of the Internal Revenue Code stipulates that an insurance company writing no more than $1.2 million of annual gross written premium is able to retain underwriting profits tax free.

Additionally, because the CIC is treated as a US taxpayer and not a foreign insurer, Captive owners will not be subject to foreign excise tax. Furthermore, The Bahamas remains committed to a tax neutral platform meaning that there are no income or inheritance taxes for all who conduct business in The Bahamas. More specifically, The Bahamas does not charge a tax on premium income written by licensed external insurers.

Political and economic stability should also be a consideration in the selection of an appropriate offshore domicile. The Bahamas has a world-renowned financial infrastructure, maintaining the ongoing status of being the most successful international financial centre in the Caribbean. The country's mature financial services industry, established international banking infrastructure, progressive Government, and tax neutral environment have yielded an environment that is conducive to wealth management initiatives of ultra high net worth individuals around the globe.

Politically, The Bahamas has enjoyed more than 280 years of uninterrupted democracy and has been an independent nation since 1973. It is a Member of the United Nations, Commonwealth of Nations, and the Organization of American States and Caribbean Community. Perhaps most impressively, The Bahamas is the highest-ranking nation for civil liberties and political rights by the World Bank and has been recognized as a sound environment for foreign direct investment with an Investment Grade Government Debt Rating by Standard & Poor's and Moody's.

Add in the close proximity to the United States, pristine beaches, world-class resorts, and unrivaled service and you might just want to move there! ::

Peter Strauss
Managing Member, The Strauss Law Firm, LLC, Hilton Head Island, South

The Strauss Law Firm is devoted to providing estate and tax planning, asset protection, international business, and captive insurance solutions to individuals, families, and business owners located both in the United States and internationally. Peter Strauss has authored three books, "The Physician's Guide to Captive Insurance Companies", "Captive Insurance Companies for the Small Business Owner" and "The Definitive Guide to Captive Insurance Companies", which is currently ranked #1 on Amazon.com for insurance related books. He regularly speaks at public seminars and professional society meetings such as the American Institute of Certified Public Accountants (AICPA), National Advisors Trust Company, Physician Hospitals of America (PHA), Assisted Living Federation of America (ALFA) and Hawaii Tax Institute (HTI), amongst others. He is a graduate of the New England School of Law, and he holds an LL.M. in Estate Planning from the University of Miami.

Innovation NATION

By Wendy Warren

"Sustaining Innovation" and "Disruptive Innovation" are often seen as two distinct developments. The first typically is observed in mature businesses and the latter in start up enterprises. The Bahamas, an international financial centre of some 90 years, is no start up! It has nevertheless brought together the worlds of sustaining and disruptive innovation.

As a mature international business and financial centre with the presence of a diverse group of financial services providers and an over 80 percent long-term talent investment rate, it is not entirely unexpected that The Bahamas has demonstrated a propensity toward sustaining innovation. What is quite intriguing is its willingness to engage in disruptive innovation. Case in point and for discussion later, The Bahamas was the first major common law international financial centre to introduce a "civil law" only structure.

While this move seemed strange to some wealth management experts, it set a clear marker that The Bahamas was determined to give priority to non-traditional markets by responding to what was preferred by these markets rather than delivering traditional solutions.

At the heart of its spirit to innovate is the strength of the public-private partnership. This partnership blossomed from the trials of the onslaught of the OECD, Qualified Initiative/Jurisdiction and GAFI/

FATF in 2000. While the industry experienced some dislocation, the financial services sector - government, industry and regulators - acting together focused on their common interest; developed mutual respect for all sector relevant roles; and perhaps most important, the industry understood and determined to work within the confines of the requirements of the government and regulators.

Moreover, the strict standards set and achieved in 2000 required that the nexus of all structures be grounded with a Bahamas-based regulated financial service provider responsible for gathering all due diligence information. In light of this regulatory requirement, The Bahamas can provide a level of privacy to clients whether they be founder or settlor; shareholder or beneficiaries, or in the case of the new Investment Condominium, a participant.

With the strength of its public private partnership and rigorous regulatory environment, The Bahamas is able to focus - first and foremost – on adding greater value to its market proposition through sustaining innovation while seeking out solutions through non-traditional applications. Let us look first at these non-traditional applications, or disruptive innovations.

Disruptive Innovation

The Investment Condominium, or ICON, is not the first civil law structure adopted into the common law framework of The Bahamas. Serious attention was first given to the adoption of the Foundation into The Bahamas toolkit in the late 1990s due to the important role it played in the lives of many of our clients.

What sparked this counterintuitive development? While many European clients of civil law extraction struggled with the concept of the trust it was primarily clients from Latin America who generated the greatest demand for product diversification outside of the trust context. At the core of this demand was the resistance by Latin Americans to the idea of being alienated from control of the family patrimony, a paradigm that is intrinsic to the creation of a conventional Anglo-Saxon trust. This aversion to the trust concept could not be assuaged by the many explanations that the trust pool would be safeguarded for the benefit of future beneficiaries given by European and North American financial institutions of a global stature. As a result, a consensus developed that a foundation, a legal entity recognizable under the laws of the relevant home country, was an essential tool for both Latin American and European originating clients. The ability to accommodate the culture and custom of potential founders from Latin America and the rest of the civil law world was facilitated by the significant role played by Swiss banks that find their origins in a civil law tradition and were willing to provide banking services to this legal entity. Concurrently, a number of common law attorneys and professionals recognized that in the foundation's inherent flexibility and self-contained governance lay an array of potential solutions. The Foundations Act was enacted into the laws of the country in 2004.

As the first major common law based financial centre to introduce foundations, and recognising its role as a path setter, The Bahamas was careful to establish a clear separation between foundations and trusts. Consistent with these efforts to mitigate the reference by the judiciary to trust law and case law precedent, the Foundation Act incorporates key provisions of The Fraudulent Dispositions Act and the Trusts (Choice of Governing Law) Act. As a result, not only is there strong asset protection in The Bahamas foundation, but in the choice of domicile which can be very important in some instances.

With this evidence of bold disruptive innovation from a common law country, a group of advisors approached The Bahamas with an idea now known as the Bahamas Executive Entity, or "BEE", in 2009. The BEE was enacted as the Executive Entity Act in 2011. The two year turnaround time from concept to enactment is particularly impressive when one considers that most international financial centres were focused exclusively on the execution of 12 or more tax information exchange agreements or "TIEAs". The Bahamas was able to meet evolving global standards in addition to advancing its

competitiveness with this new solution.

The originators of the concept were convinced that in utilizing a "Foundation-derived entity", they had found an alternative to the use of the purpose trust as the shareholder of the private trust company. Moreover, as protectors who reside "onshore", they thought that this same solution could mitigate the risk of contaminating the "mind and management" proposition of the client structures by their presence in onshore locations.

As a snapshot of the BEE, there are two perspectives: the legal and the practical. Giving regard to the legal definition, the BEE provides for a legal entity dedicated to the functions of the power holder and their duties, whether as an enforcer, protector, trustee or any other executive, administrative, supervisory, fiduciary or other office holding function. The BEE also provides for the ownership, management and holding of executive entity assets and trust assets.

From a practical perspective, the BEE as a legal entity effectively provides for institutionalised governance around decision-making powers that are typically held by a committee or an individual. The BEE also is permitted to own the shares of other entities dedicated to act as power holders, such as a private trust company.

In providing a greater insight into the BEE, two key features should be considered:

1. Carved out of the foundations concept, the BEE does not have a shareholder. With the absence of a shareholder, the risk that the objects and operational governance as prescribed by the founder are changed in the future is greatly mitigated. This is very important to heads of families who make decisions today regarding the governance on the family patrimony and would like the additional comfort that the protectors and advisors of the future will have regard to their decisions.

2. The entity can only hold assets essential for operational purposes, which is expressed through the prohibition against the BEE itself accumulating assets. This means that the risks of utilizing the BEE for money laundering is stripped away, ensuring FATF/GAFI compliance. The BEE also has a very narrow purpose which further reduces the risk of money laundering while facilitating the filing of only a registration statement with the Registrar General's Department.

It addition to the uses referenced above, the BEE also strengthens governance in a family-owned businesses and family offices as well as providing for seamless transition in the members of the BEE council. The BEE can serve as a corporate director, where it is making decisions subject to and implementing the provisions of a shareholders' agreement.

Sustaining Innovation

By reason of its heritage as a former colony of the United Kingdom, trusts are an important part of legal arrangements in The Bahamas. With a compelling history of jurisprudence on which to draw, the jurisdiction set about leading the way with two evolutionary changes to its trust law.

In 1998, The Bahamas paved the way with Settlor Reserved Power Trusts ("SRPT"). These landmark provisions were seen as an antidote to the sham doctrine which by that time had gained a great deal of traction in jurisdictions such as the UK, Canada, the US, Guernsey, and elsewhere. This landmark change in the law of The Bahamas has been adopted by many of the jurisdictions that offer trusts to an international clientele.

At this time, The Bahamas also adopted very clear rules regarding the access to information relating to a trust. With limited exceptions, information is not available to third parties and non-vested beneficiaries. Other important concepts such as the protector were captured and the special company was defined and given differentiated treatment in the law. A special company is one that is not undertaking the types of activities often associated with commercial trust arrangements, for example, investing in liquid readily valued securities.

In 2011, The Bahamas took another leap forward. The role of the SRPT was further clarified through the Directed Trust. Developed from the Delaware statute, The Bahamas solution provides great certainty where a party wishes to have

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significant authority over the investment management decisions. Two classic examples are that of a professional hedge fund manager who may have greater difficulty giving over management of the family fortune to a private bank or the operators of a commercial enterprise.

This desire would appear to directly contravene trust and common law that impose substantial asset management obligations on the trustee. Essentially, the trustee must know and be accountable for the performance of the assets in the trust pool.

Given that a directed trust seeks to handcuff the trustee with regard to the investment management decisions, it is critical that the integrity of the trust is maintained. In this regard, The Bahamas law provides for a continuing role of the trustee to respond to what are inappropriate actions based on "actual knowledge" and for the intervention of the court.

In adjusting its law against perpetuities, The Bahamas was challenged to address existing Bahamas law trusts that want to throw off the shackles of the rule against perpetuities without changing their reference to Bahamian trust law. The challenge exists in determining who could make such a fundamental decision. While the challenge was great, a solution was critical on the basis that a trust from another jurisdiction could move to The Bahamas to take advantage of the perpetual trust law environment and Bahamas existing trusts could move to another jurisdiction to take advantage of the new jurisdiction's perpetual trust law.

After much debate, it was concluded that the courts of The Bahamas were best positioned to determine if a trust could indeed become a perpetual trust and the trustee would initiate the request to transition to a perpetual trust; the court and the trustee were given their respective powers as neither the settlors nor the beneficiaries should initiate the decision to become a perpetual trust. The court's involvement along with the power for parties to the trust to contest the movement towards a perpetual trust - should they have particular concerns - serve to secure the integrity of the framework.

Finally, the often discussed SMART Fund perhaps is best recognized amongst The Bahamas' efforts at sustainable innovation. Building on the retail and professional funds, The Bahamas developed a response to one of the most dynamic markets in the world: the securities market. Predicting the direction of the market and how investors would wish to engage in these markets can be quite difficult. The provision by Bahamian law that SMART Fund templates can be approved by the Regulator and given the effect of law once they adhere to the sound principles of regulatory integrity is evolutionary. The fact that a template has benefited from a 2 month turnaround from a well articulated market idea from the private sector to approval by the regulator is impressive.

Wendy Warren
Managing Director
Caystone Solutions

Prior to establishing Caystone Solutions in January 2012, Wendy Warren served for 11 years as CEO and Executive Director of the Bahamas Financial Services Board ("BFSB").

Beginning her professional career in 1988, she has worked in a variety of roles in the fund administration, wealth management and audit fields.

She has served on various boards and committees including Bahamasair Holdings, Bahamas Electricity Corporation, Bahamas Trade Commission, the Financial Services Consultative Forum and the Bahamas Association of Mutual Fund Administrators.

Ms. Warren is a Chartered Accountant and holds a Bachelors Degree in Accounting from the University of Waterloo, Canada.

Where is Your Data & Why it Matters

By Richard Douglas

Interconnectivity is now the driving force behind the world economy, but it can also be one of your greatest threats. Your data is the key to your clients' fortunes, and any threat to its privacy is a risk that you have to manage.

Depending on where your servers are located you could be putting the privacy and security of that data in peril. With the advent of cloud computing, authorities have increased difficulty identifying where offending data is stored. The laws of each country or jurisdiction determine how protected your data and hardware will be.

Last year's leak of two million emails and other documents about company and personal accounts of nationals in 170 countries has shocked the offshore financial industry. Some experts feel that if industry acceptable storage and encryption methods were used, the risk of such a leak would have been minimised.

There are many security risks that are at play in today's digital economy and you need to know how to mitigate against them.

Data Residency

With the advent of cloud computing, organisations may be storing their data outside of their home jurisdiction, thus exposing themselves to a new set of regulations and policies that govern data privacy.

A recent Gartner report title 'Five Cloud Data Residency Issues That Must Not Be Ignored,' states the following:

"Many countries have passed national laws to provide authorities with access to enterprise data; this may conflict with the legal protection rights of data in the originating jurisdiction, and may grant secret access to data via cloud service providers without the enterprise's knowledge or permission."

According to the Business Continuity Guidelines from the Central Bank of The Bahamas;

"Licensees are required to ensure that relevant Bahamas statutory requirements relating to client confidentiality continue to be observed."

Possible exposure can be curtailed by:

1) The laws in the jurisdiction where your data is stored, is there adequate privacy protection and due process?
2) Using strong encryption to protect your data 'at rest'.
3) Speaking to your service provider about their policies on data security and privacy protection.
4) Ensuring that your service provider is compliant with international security standards such as PCI DSS, ISO27001, and SSAE16

Threats to Your Data

While hackers and bot-nets are a risk to any server, the biggest risk to your data security can come from the government enforcing its laws in the country where your servers are based. With a change in law - or aggressive enforcement - private data can become public quickly.

According to a recent Wall Street Journal article:

"Microsoft must hand over customer email data as part of a US search warrant, even though the data in question is stored in Dublin, Ireland, ruled Chief US District Judge Loretta Preska in Manhattan federal court."

Last summer, concerns over online privacy were highlighted with revelations that a top-secret program, code-named 'Prism', has been operated by the NSA in the United States and around the world since 2007. The program is said to have direct access to user data of Apple, Google, Facebook,

Microsoft and others, and can be used to collect and store phone records, emails, files and other personal information belonging to both Americans and non-Americans alike..

How to Protect Yourself

"He who sacrifices freedom for security deserves neither." Benjamin Franklin

In today's digital age, convenience comes with many sacrifices. Here are a few ways to protect your data, your company and yourself .

Web browsing – There are many ways to protect your privacy while surfing the Internet. Start with installing a secure web browser, such as Firefox, combined with a variety of privacy plug-ins to block ads and cookies which thwart tracking your online activities. If you want to hide completely, consider using a private VPN or anonymous browsing tools.

Email – Remember that under the Electronic Communications Privacy Act of 1986, a government agency can request copies of electronic communications from email providers such as Google, Microsoft, and Yahoo without a warrant and without your knowledge.

Instead of leaving your email and attachments archived on a server for anyone to access, download your email with a secure mail client such as Thunderbird. To take it a step further, install a disk encryption solution such as Truecrypt on your Mac or PC and store you email in your own encrypted vault. And if you need to send private emails to friends of colleagues, encrypt those emails with a tool such as GPG.

Instant messaging – Instant messaging is convenient, and cost effective. Services from Google, Microsoft and Yahoo make it easy to chat and make phone calls online. But, according to the Manchester Guardian, "Skype, the web-based communications company, reportedly set up a secret programme in 2011 to make it easier for US surveillance agencies to access customers' information."

If you are concerned about keeping your instant messages private, use an encrypted messaging tool such as Cryptocat.
Cloud storage – Online storage solutions like iCloud, Google Storage and Dropbox are a convenient place to store vacation photos and videos of the kids at their soccer game.

What about business data such as contracts, proposals or even off-site backups? If you are concerned about privacy and security, then look for a cloud-based solution that encrypts data 'in transit' as well at 'at rest', where only you, the customer, hold the encryption keys.

According to the LA Times: "The accounts of people using Dropbox, a cloud computing service, were accessible to other users during a nearly four-hour period Sunday. The breach was caused by a software update that affected the authentication mechanism of the service, the company said."

You can even consider an in-house solution such as ownCloud, which allows you to store contacts, calendars and business data on your own private cloud – all encrypted.

Mobile devices - With recent news that Verizon (and likely every other major telephone carrier in the US, Canada and Europe) is providing 'metadata' to government agencies, individuals and businesses are becoming increasingly concerned.

Metadata includes phone call records, text messages, physical location information (GPS) and possibly live recordings of conversations - although mobile companies and governments alike have stated they are not recording live phone calls.

Complete security on mobile devices will be hard to achieve due to the proprietary nature of carrier networks, but new apps such as TextSecure and Wickr for texting and Signal and Redphone for voice look promising.

User Threats

According to news reports, 'spear-phishing' has been at the root of virtually every major attack in the last 24 months, including a recent targeted attack against the personal Gmail accounts of US government officials, political activists, military personnel and journalists.

A spear-phishing attack arrives in the form of a well-crafted email, masquerading as a trustworthy entity, such as a friend or business partner.
Attackers gather personal information about their target to make the email look as genuine as possible in an attempt to acquire information such as usernames, passwords, or credit card details.

The email may also contain a malicious attachment which, when opened, infects the victim computer with keylogging or botnet software so that personal information can be stolen.

Be Smart. A 'friend' does not email asking for usernames and passwords - nor do banks or trusted business partners.

When spear-phishing is not used, other end-user techniques such as 'watering hole' attacks are employed.

A watering hole attack is a method of targeting victims based on sites they are likely to visit.

Attackers will profile their victims to determine the types of sites they are likely to visit and will compromise the site to redirect victims to additional malicious code, in an attempt to collect data similar to a spear-phishing attack.

The compromised site then waits for visitors with vulnerable web browsers to visit and exploit. A recent vulnerability affecting Internet Explorer versions 6/7/8 highlighted the severity of this kind of attack.

Keeping your web browser up to date and installing a good anti-virus software with help protect from these kinds of attacks.

Conclusion

The digital age has given us an unprecedented level of communication, sharing and access to information than ever before. But this unlimited access is not without risks.

What last year's revelations showed us was irrefutable evidence that unencrypted communications on the internet are no longer safe. Any communications should be encrypted by default.

By making a few simple changes you can mitigate the risks in today's digital economy:

- Consider where your data is hosted and what regulations it may be subject to;
- Be suspicious of emails from 'friends', watch out for phishing;
- Regularly update your Web browser and anti-virus software;
- Protect your data 'in transit' and 'at rest' with encryption;
- Consider how much privacy you are willing to risk for the sake of convenience.

If you think, "it can't happen to me" or "I have nothing to hide," then consider this:

"Even if you're not doing anything wrong, you're being watched and recorded. You simply have to eventually fall under suspicion ... and then they can use this system to go back in time and scrutinise every friend you've ever discussed something with."

- Edward Snowden, former CIA & NSA systems administrator and NSA Whistleblower. ::

Richard Douglas
CTO, Secure Hosting Ltd,

Richard Douglas is a data security and privacy protection expert. He currently holds the position of CTO at Secure Hosting Ltd, a Cloud Computing, data storage and BC/DR solution provider with data centre facilities in Nassau and Freeport in The Bahamas. Email him at rdouglas@securehost.com

Client representation in the new frontier

Wealth Preservation & Posthumously Conceived Children

By Daniel D. Morris

We are facing a First World Challenge: Notably, the intersection of technological advances of our ability to extend, create, and modify life, and our cultural norms as to modernizing our view of family.

As advisors and counselors to wealthy families, we have a duty to serve their needs and to help them navigate complex and sensitive issues. From my experience, nothing is more complex and sensitive than strategic wealth preservation strategies as it relates to assisting the generations to coordinate their long-term objectives.

Additionally, professionals are, at times, conflicted between their personal views as it relates to these matters and the desires and objectives of their respective clients. Even though true professionalism requires advisors to distance themselves from such internal conflicts, it is frequently difficult to let go of preconceived perceptions and feelings. This article is crafted to update advisors as to the fluidity of change as it relates to the increasing use of cryogenically preserved reproduction materials and their posthumous use.

Since the dawn of time, children have been our future. Kingdoms, businesses, and wealth changed hands based upon the gender and number of children. In some cultures, estates were transferred between males; hence the occasional need for a "blue blood" marriage between cousins to protect the familial lands.

Today, with modern science, the challenge of conception is dramatically decreased. Through the use of surrogates, in vitro fertilization (IVF), and hormone therapies, millions of couples have surmounted nature's challenges in procreation.

The next frontier has been established through extending the aforementioned medical procedures from the living to the deceased. This phenomenon is referred to as posthumously conceived children. The implications of such procedures impact the extended family. Advisors need to be aware of these modern complications.

Because science progresses faster than regulatory frameworks, the affected professions (medicine, law, finance, tax, and accounting) and the applicable legal frameworks (probate, inheritance, and property transfers) have been cobbling both general procedures and case law based responses. As with any new area, different cases lead to different results and when it comes to assisting our clients with their wealth preservation, protection, and ultimate distribution, unknown results or surprises create financial and psychological risks. The Courts have rendered different conclusions based upon their specific regionality. There are some sponsored model agreements that have been proposed and adopted by several regions. Like many aspects when it comes to estates and probates, clarifying the grantors or decedents wishes is the most significant hurdle. Documenting the desires of the deceased, in advance, with forethought and thoughtful deliberations facilitates the post mortem residual determinations. There are several cases that highlight this matter that the seasoned advisor should consider when confirming that her client is both aware of these modern capabilities and to help them frame their family desires.

Case 1: William Kane, Los Angeles, California

William Kane was a 48-year-old divorced man living with his 38-year-old girlfriend. Mr. Kane had two adult children from a previous marriage. During the fall of 1991, Mr. Kane deposits 15 vials of sperm into a cryogenic sperm bank. During this period Kane specifically identifies his deposits and instructs the holder that they are for the benefit of his named girlfriend and were to be released only to her or

her named physician for the purpose of conception should she so desire. Kane concurrently updates his Will where he leaves limited property to his adult children and the residual of the estate to the girlfriend. Kane specifically identifies the cryogenically preserved genetic materials.

Approximately 30 days after his updated Will and genetic deposits, Kane commits suicide. The Will is probated and the children protest the assignment of the vials and although negotiations between the children and the girlfriend commence, settlement is not reached and the case is tried in Probate Court. The trial court determines that the genetic materials are not assignable property, rule for the children and order the vials destroyed. Upon appeal, the trial court is reversed. Appellate court believes that there was a property interest at the time of death, that the wishes of the deceased were well known and reverses the trial court and rules for the girlfriend.

Case 2: Woodward, Supreme Judicial Court of Massachusetts

Woodward is the case of a young couple where the husband has testicular cancer and knowing that chemotherapy will likely destroy any reproduction capabilities, the husband deposits sperm for future children. The husband dies at age 28. The couple had a child before the premature death.

Approximately eighteen months after his death the widow becomes pregnant and delivers a child approximately 27 months post mortem. She applies for social security benefits and is denied. Upon appeal, the federal district court remanded to the Judicial Supreme Court of Massachusetts (JSC) for determination of inheritance and probative rights and assertions.

The JSC rules that the State has three compelling issues:
1. The State has an obligation to see that all children of a family are treated equitably and legislative intent is clear, albeit the legislature was silent as to the nature or timing of conception. Since there was no dispute as to who the "parents" were, the children conceived postmortem should not be relegated to 2nd class citizenship.
2. The State desires clarity as it relates to estate and probate matters as it relates heirs, creditors, and administration. That there has to be a beginning and end to the transition.
3. That the State has an interest in protecting the privacy of its citizens and must support the widest possible choices and options as it relates to reproduction.

To resolve these matters, the Court provides a two-pronged test:

1. What are the genetic ties between the parties? Effectively, is paternity an issue?
2. Was their prima facie evidence of an affirmative consent to bear children postmortem?

The Court found for the widow in that there was indisputable evidence of consent and foreknowledge of the desired outcome and awards benefits and inheritance rights to the posthumously born child.

Case 3: Astrue, United States Supreme Court

Astrue is a case of posthumously conceived twins born eighteen months after the husband's death in Florida. The widowed mother applies for Social Security Dependent Benefits. Like Woodward above, the SSA denies the claim. The 3rd Circuit overturns the trial court. Appellate courts hold conflicting decisions regarding this matter and the Supreme Court unanimously overturns the 3rd Circuit finding that the SSA was within their Congressionally authorized authority to apply Florida intestate law to the notion of posthumously conceived children.

Under Florida law, heirs not in utero prior to the death are ineligible for inheritance. The SSA Statutes refer to State probate and estate codes. If ineligible for inheritance, the child would not have been "dependent" upon the deceased at the time of death.

Additionally, the Court noted that the deceased was silent as to his intent for children to be conceived postmortem. Accordingly, unlike Woodward above, the Court could not affirmatively ascertain decedents intent for the use of the parental materials. Florida statutes also terminate a marriage at the date of death and hence the conception occurred when the widow was technically unmarried.

Astrue is unlikely to be the final say on this matter. States have different laws and standards. Children born of the widow are not equitable to the children born from the same parents but before death. This conflict will need to be settled legislatively and will take time for the general processes to be modernized.

These cases are complex and emotional. They generally deal with premature death and death by cancer or similar disease. The parents desire to have a family and set up processes for that to occur should the inevitable happen. Clearly as advisors we should all focus on the important matters and discuss with our clients their express wishes as it relates to generational and or immediate family wealth transfer and protections.

The Courts and emerging legislative model rules clearly express that informed consent and pre-determinations, in writing, are paramount to providing familial and legal benefits for children conceived posthumously. Additionally, the timing of the births are important. California, for example, considers a child conceived within two years of death as a qualified heir while Iowa allows for a live birth within two years. These subtle differences will need to be addressed or it is plausible that more liberal states will see a rise of such qualifying births.

Addressing such complicated matters with our clients is difficult at best and embarrassing at worst. Personal, professional, and even religious conflicts exist at all stages of these discussions. Most importantly we, as advisors, have a duty to protect our clients from inadvertent traps and issues that could negatively impact them in the future. Holding conversations early allow families to consider these issues and make preparations for such circumstances. Additionally, based upon the beliefs and values, choices of residency may be altered in order to protect the family's wishes as to how they decide to allocate their wealth and resources for their collective futures. ::

Daniel D. Morris, CPA, CGMA
Co-Founder
Strategic Global Advisors

Daniel D. Morris started his accounting career in 1984 Ernst & Young in San Jose, California. Today, he is the senior partner of Morris + D'Angelo, a Silicon Valley and Portland, Oregon based CPA firm specializing in integrating entrepreneurial advisory services and international taxation strategies. Dan also holds the position of Director of International Tax for Exemplar Consulting, LLC a Boston and New York based law firm and consultancy serving the middle market. Dan co-founded Strategic Global Advisors, a Nassau anchored consultancy serving entrepreneurially lead start-ups and high net worth families, navigate the complexities of cross-border transactions, expansion, asset protection, and wealth preservation.

Dan is responsible for his firm's marketing efforts and specializes in global business structures and tax optimization strategies, tax litigation/audit issues, AMT tax planning for high net-worth individuals, foreign sales tax planning, and strategic management consulting for closely held businesses.

Dan is a founder of the VeraSage Institute, a think tank dedicated to eradicating hourly billing practices, value pricing, and total quality service. He has helped establish a number of Silicon Valley start-ups including Signio that was acquired by Verisign for $1.2 billion in 2000. Dan received his Bachelor of Science from the University of Oregon.

The importance of client relationship managers in law firms

By Shahjahan Ali, Associate, Withers LLP

Client relationship managers, account managers, account executives, customer relationship managers and other similarly titled roles focus on improving the relationship between a business and its clients with a view to providing an enhanced service. Whether that involves regularly meeting with key client contacts in order to stay up to date with the client's business and tailoring the service accordingly, or identifying areas where the client needs further advice or some other value added service, depends on the individual client relationship manager and the client. It also involves managing difficult situations and connecting the client with the right department within the business who can help with a particular issue.

Growing the client by identifying opportunities to cross sell perhaps takes centre stage for more sales driven businesses. However, in the context of law firms it is all the other value added services which help to build a long term relationship with the client which take precedence.

At Withers LLP, we have dedicated client co-ordinating partners. Daniel Isaac, a London- based partner with Withers said because he has long term relationships with many clients he knows how they prefer to receive his advice and can anticipate what decisions they will make in certain situations. "This can save them a lot of time and money when dealing with solicitors in other disciplines," he said " In particular, when handling a project where there is a team of lawyers --especially when there are junior lawyers or new lawyers who have joined the team -- acting for the client, I can tailor the advice given by the team based on my understanding of the client's needs."

The tradional role of legal advisor is also changing according to Tim George, a partner with Withers wealth planning team, "Increasingly we are stepping into the role of general family advisor and becoming something of a confidant," he said. "We are being asked to give commercial rather than purely legal input, play a project management role in co-ordinating other professional services, and offer continuity between such advisors as well as between different aspects of the client's business and different generations of the client's family. This can include anything from undertaking a role within the family council or family governance vehicle, to co-ordinating beauty parades from other professionals, to broaching the subject of pre-nuptial agreements with the younger generation."

Day-to-day communications on non-client related matters has also become an important client relationship component. Withers maintains an ongoing dialogue with clients through its website where it publishes the latest news, legal updates, brochures, special features and a blog which all help to maintain communication with itsr clients. Free training sessions, presentations or briefings to clients are also offered regularly which are tailored towards their individual needs or on a particular issue common amongst many clients. A significant amount of time and effort is spent on these and many other activities across all practice areas of the firm.

Client relationship management therefore plays an essential role in the service we provide to clients. It helps us to better understand how each client is unique in their needs, which in turn informs how we handle each relationship and ensures we think beyond purely legal input and enables us to provide cutting edge bespoke solutions.

Shahjahan Ali
Associate, Withers LLP

Shahjahan has focused on UK immigration law since 2008 and advises individuals and businesses on visa applications, appeals and Judicial Reviews under the Points Based System (PBS) and non PBS matters. His clients include investors, entrepreneurs, highly skilled individuals, sportspersons and members of the clergy.

He also advises employers on employing workers from outside the European Economic Area. This includes advice on obtaining a sponsorship licence, developing systems for compliance, auditing sponsors' compliance, advising on preventing illegal working and issuing certificates of sponsorship. Shahjahan is a contributor to LexisPSL Immigration, a practitioner's resource on UK immigration law. He has also given presentations on immigration and is quoted in various news articles on immigration.

He received his LLB (Hons) from Lancaster University and was admitted to the Bar of England Wales in 2011. He is a member of the Immigration Law Practitioners Association and the Law Society.

A Primer to Recovering Assets

By Edmund L. Rahming

Fraud can happen anywhere in the world, even in the best regulated environment. The purpose of this article is to provide some guidance as to the options available in The Bahamas, a well-established and regulated International Financial Centre, to business entities and individuals upon discovering that a significant fraud has been perpetrated against them and the key considerations that should be kept in mind when responding to the situation. For the purpose of this article we assume that the business entity or individual either does not have a legal obligation to report the fraud to a regulatory or other body or has complied with that duty. We describe the options available in The Bahamas below.

THE OPTIONS

Victims of fraud generally have three options: (1) contacting the relevant regulator or law enforcement to commence an investigation, (2) contacting a commercial attorney to pursue a civil action, or (3) contacting both to pursue parallel investigations and actions.

Option 1 – Regulatory and Criminal Proceedings

Both regulatory and criminal proceedings rely on governmental resources. Regulatory bodies have been provided powers to investigate, confiscate assets, conduct hearings, and impose penalties and imprisonment. The general consensus in The Bahamas is that regulators are aggressive in their approach to tackling financial wrongdoing. In The Bahamas there are several authorities that play an integral role in the investigation, prosecution, and deterrence of economic crime:

Securities Commission of the Bahamas ("SCB"): The SCB is responsible for the supervision and regulation of investment funds, the securities and capital markets, and financial corporate service providers. The SCB investigates violations of the relevant legislation and regulations exercising the power to search, compel evidence, inspect records, and confiscate assets. It also can conduct regulatory hearings and deny, suspend and or cancel a registration and prohibit and suspend trading, disciplining market participants that are involved in illegal activity. The SCB has the power to impose penalties of up to $300,000, imprisonment of up to 2 years, or both. Parties defrauded by entities supervised and regulated by the SCB should report the fraudulent act to the SCB.

Insurance Commission of The Bahamas ("ICB"): The ICB is responsible for the regulation of all the insurance licenses, brokers, agents, and salespersons. The ICB has the power to make rules and issue directives, impose conditions and limitations on licensees, investigate violations by compelling the provision of information, amend and revoke any registration, authorization, or permission, and assist local and overseas regulatory authorities. Parties defrauded by entities supervised and regulated by the ICB should report the fraudulent act to the ICB.

Central Bank of The Bahamas ("CBB"): The CBB's responsibilities include the supervision and regulation of banks and trust companies, money transmission companies, and private trust companies. The CBB has the power to investigate violations and revoke licenses. Parties defrauded by entities supervised and regulated by the CBB should report the fraudulent act to the CBB.

Financial Intelligence Unit ("FIU"): The FIU is responsible for receiving, analyzing, obtaining and disseminating information that relates to or may relate to proceeds of crime in an effort to combat money laundering and terrorist financing. Its target audience is financial institutions: regulatory bodies for all financial institutions, and the general public at large. Any individual concerned with combating proceeds of crime as dictated by the Proceeds of Crime Act, while detecting criminal activity relating to money laundering and terrorist financing can approach the FIU.

The Office of the Attorney General ("AG's Office"): The AG's Office is responsible for the prosecution of all crimes, including fraud, charged by the Police.

The Royal Bahamas Police Force ("the Police"): The Police

maintains a unit called the Commercial Crimes Unit which is responsible for the investigations of economic crimes including fraud.

All of the above entities have a critical role to play in The Bahamas in the investigation and prosecution of fraud.

Advantages of Pursuing a Regulatory or Criminal Response

The advantages of a regulatory or criminal response are powerful and should be considered carefully relative to the loss incurred:

- **Retributive justice** - Regulatory action or criminal prosecution offers the prospect of retributive justice. This is especially compelling when the offender is not financially able to repay what was taken.
- **Low cost -** A regulatory investigation or criminal investigation will cost significantly less for the victim than pursuing a civil investigation and recovery proceedings.
- **Recovery -** A regulatory or criminal action may result in compensation. The regulators and the Police are able to take steps to restrain property and to confiscate such property in the event of a conviction. The Court also has powers to award compensation to the victims of fraud from sums confiscated.
- **Availability of information** - Regulators and law enforcement have wide powers to acquire information and documents. Regulators can compel information to be provided and perform investigations. Law enforcement can enter homes and offices to execute search warrants and can arrest suspects. Where there is sufficient evidence to charge the suspect, they can be remanded in custody to ensure their attendance at trial.

Disadvantages of Pursuing a Regulatory or Criminal Response

The disadvantages of a regulatory or criminal response are many and again should be considered carefully relative to the loss and other constraints:

- **Response not automatic** - When a fraud or scheme is reported to the responsible regulator or the Police, an investigation and prosecution does not follow automatically and several factors play in the regulator or the Police adopting a case for investigation. These include materiality, workload/resources, etc.
- **Delayed service** - Even where a case is adopted for investigation, there can be a lag of days, weeks or even months between the initial report and formal adoption, although both the regulator and the Police in The Bahamas have in recent years demonstrated an ability to provide an instant response in certain high-profile cases.
- **Lack of control** - The victim has little or no control over the investigation and subsequent prosecution.
- **Possible raid of home or company** - Where a matter is reported to law enforcement, corporate premises may be raided without notice and documentation seized, even where the individual or company may itself be one of the victims of the fraud.
- **Public notice** - A victim's loss of control also extends to loss over publicity about the investigation.
- **Strict protocols to follow for recoveries** - It should be noted that reporting a criminal fraud matter to a regulator will not result in recovery unless it is referred to the Police by the regulator.
- **Length of justice process** - The lengthy criminal justice process in turn affects the likelihood and timing of payment of any compensation to the victim.
- **No guaranteed compensation** - Compensation orders are not ordered in high-value or complex cases. Policy and common law considerations are relied upon by Courts to confine compensation orders in certain instances to the amount of losses in straightforward cases.
- **International difficulties** - All of these factors are exacerbated when there is a significant international element to the dispute. It may prove difficult to persuade the regulator or the Police to take a matter up for investigation at all if the principal suspects are outside the jurisdiction, and even in cases where overseas jurisdictions co-operate fully with requests from Bahamian regulators and law enforcement, observance of the procedural steps in international law enforcement co-operation adds considerable time to an investigation.

"Bahamian courts expect strict compliance with these orders and impose financial penalties and even custodial sentences for breaches of their terms."

Option 2 – Civil Proceedings

In contrast to regulatory and criminal proceedings, civil fraud proceedings are commenced directly by the victim without the involvement of a governmental body. The victim first needs to ensure it has standing to pursue the claim. This may involve the shareholders of a Fund taking control through directorship of a Fund, the beneficiaries of a Trust removing a trustee, or the beneficial owners of an IBC ensuring they have ultimate control of the IBC. Once this is done the victim needs to assess the potential claims. I would recommend an attorney or a forensic accountant be hired to assess the potential claims based on an investigation of the available evidence. Finally the victim needs to file the requisite court documents (a general writ or a specially endorsed writ or a Statement of Claim laying out the particulars of the claim) at Court and pay a comparatively small court fee.

Once the victim has sufficient evidence to establish the constituent elements of one of the various causes of action that arise under Common law in the event of a fraud, it is open to it to commence a civil action immediately. Typically a civil action will take under 12 months to get to trial, but in the interim, Bahamian courts have broad and highly developed powers to grant invasive and worldwide injunctive relief including freezing orders, asset and document disclosure orders, search and seizure orders, passport delivery up orders and foreign repatriation orders and can grant permission for the applicant to seek to have such orders recognized abroad. A Bahamian court may also be petitioned in securing the appointment of a provisional liquidator on just and equitable grounds to allow for a full and proper investigation. Bahamian courts expect strict compliance with these orders and impose financial penalties and even custodial sentences for breaches of their terms. On average a civil trial takes 12 to 24 months in The Bahamas.

In certain cases, such orders can be obtained within 24 hours or sooner if there is a clear risk that the fraudster will abscond or dissipate his assets. Even in complex multijurisdictional cases, proceedings can be commenced and freezing orders obtained within a matter of days or weeks.

Advantages of Pursuing a Civil Approach

The advantages of the civil approach are generally the converse of the disadvantages of the regulatory or criminal approach:

- **Swift remedy** - Proceedings can be commenced and ancillary orders obtained very quickly, without the uncertainty associated with whether a regulator or criminal authority will adopt the case.
- **Greater control** - As the claimant in civil proceedings, the victim has considerably more control over proceedings in terms of determining the scope of the claim, dictating the timetable, and what information is released into the public domain.
- **Shorter trial period** - Civil fraud trials tend to be considerably shorter than criminal fraud cases and come to trial more quickly than AG's Office led cases. They are also conducted to a lower standard of proof and before a judge who will determine issues of both fact and law.
- **Recovery more likely** - The primary thrust of civil proceedings is the recovery of losses and to a lesser extent, compensation for losses suffered by the victim.
- **Complexity better handled** - Civil law when compared to criminal law is better designed to resolve issues of financial loss and is adept at dealing with complex questions concerning interests in property.
- **Seeking outside evidence** - There are minimal impediments to taking civil witness evidence abroad and effective cooperation regimes elsewhere.

• **International cooperation** - Bahamian judgments can be enforced in foreign jurisdictions, enabling victims of wrongdoing to seize the assets of the defendant in a foreign jurisdiction without the need to re-litigate the case abroad.
• **Mitigate raids** - The existence of a formal investigation and civil recovery proceedings tends to reduce the likelihood of potentially catastrophic raids by law enforcement agencies.

Disadvantages of Pursuing a Civil Approach

The disadvantages of pursuing a civil action are few but significant to the victim:

• **Expensive** - The most obvious disadvantage of civil proceedings is their expense. Civil litigation is expensive, especially fraud proceedings, since the claimant bears the costs of the investigation and proceedings, and the standard of proof for demonstrating fraud is high, albeit not as high as the criminal standard. In the event that the claimant is ultimately successful at trial, it is standard practice for the Court to order the unsuccessful defendant to satisfy the claimant's costs. However, such orders are at the Court's discretion (in terms of entitlement and amount) and subject to the defendant's having sufficient funds.
• **Lack of retribution** - The Civil approach does not provide the prospect of retribution. The most severe outcome of civil proceedings is often the bankruptcy of the wrongdoer and/or disqualification as a director.
• **Victim takes on cost** - There is also a possibility that, in cases where the victim of fraud takes swift civil action to recover its losses, law enforcement may consider that it is not in the public interest to expend public resources on a criminal investigation where the victim has the means to recover some or all of what it has lost.

Option 3 — Parallel regulatory, civil and criminal proceedings

It is an option to have regulatory or criminal and civil proceedings occur concurrently. One difficulty in such cases is whether the existence of concurrent proceedings will offer the defendant the opportunity to claim that he or she will suffer prejudice by defending multiple sets of proceedings and, on that basis, seek a stay of the civil proceedings pending outcome of regulatory or criminal proceedings

In addition to the risk of stayed proceedings, there are certain practical repercussions of parallel regulatory or criminal and civil proceedings:

• Where criminal proceedings take place concurrently with liquidation proceedings, the criminal process is often awarded priority, which can have a prejudicial effect on civil recovery claims and the available actions of liquidators.
• Judgment in a criminal matter may be admissible in subsequent civil proceedings which may be powerful evidence for a claimant in the civil proceedings (especially considering the higher standard of proof in criminal proceedings). Similarly, judgment against a defendant in civil proceedings may be admissible in criminal proceedings.

CONCLUSION

The fraud victim should consider what their objective is and what resources they are willing to spend in deciding what option will work for them. The Bahamas is a well-established and regulated International Financial Center and companies and individuals that have been defrauded and that are in a financial position to begin the process of information gathering have the option to do so as soon as the fraudulent act has been discovered. They should consider hiring an attorney, liquidator, or a forensic accountant who can assist in gathering relevant information i.e. conducting an investigation, and more importantly presenting the information in a clear and concise way so that it is easy for one to understand the who, what, when, where, and how as it relates to the fraudulent act. This information can then be developed further by the attorney and forensic accountant into a potential claims assessment for the ultimate purpose of asset recovery. Finally, if the results of the investigation and claims assessment are that a criminal act or regulatory violation has occurred and claims exist the matter should be reported to the authorities. The advantages and disadvantages laid out in this article should be carefully considered in the context of the available resources in The Bahamas and internationally and the loss incurred in The Bahamas. ⁘

Edmund L. Rahming, CPA/CFF, CFE, MBA
Managing Director
KRyS Global,
Bahamas Office

Ed Rahming currently is a Managing Director of KRyS Global, a Caribbean-based firm offering Corporate Recovery, Insolvency, Forensic Accounting, and Business Advisory services. Mr. Rahming obtained most of his work experience in Deloitte's Financial Advisory Services practice. He has over 18 years of experience in providing financial accounting services, auditing services to SEC registrants and other clients, insolvency services, and a comprehensive mix of forensic accounting services including damage calculations, fraud investigations and litigation support to clients involved in commercial disputes. Mr. Rahming has gained this experience working in the Bahamas, the Cayman Islands, the U.K, and the U.S.A. He is Certified in Financial Forensics by the American Institute of Certified Public Accountants. He is a member of the American Institute of Certified Public Accountants, the Georgia Society of Certified Public Accountants, the Bahamas Institute of Chartered Accountants, American Bankruptcy Institute, and the Association of Certified Fraud Examiners. He is the Founding President of the Bahamas Chapter of the Association of Certified Fraud Examiners.

He holds a Bachelor of Business Administration from Southern Adventist University and a Master of Business Administration from the University of Florida.

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Doing Business in **Mexico...** Tax Considerations

By: Victor Barajas Barrera
Co-Author: Eduardo Ramos Parra

Through this document we summarize the most relevant aspects of the Mexican tax regime to be considered by Bahamians in doing business in Mexico.

As of 2014 a comprehensive tax reform was enacted in Mexico by means of which new provisions were introduced into the tax system such as: a new 10% tax on dividends paid to both individuals and foreign residents; Base Erosion and Profit Shifting ("BEPS") provisions; and a tax on gains derived from the sale of shares through a stock exchange; among others.

1. Introduction

Mexican legal entities and resident individuals are required to pay income tax on their worldwide income. In the case of foreign residents, they are required to pay taxes in Mexico when the source of the income is located in Mexico pursuant to certain rules. Also permanent establishment rules are provided in the Income Tax Law to attribute income in Mexico to foreign residents doing business on a regular/ permanent basis.

2. Corporate Taxation

A company is deemed to be a Mexican resident for tax purposes if its main administration or seat of effective management is located in Mexico. This is deemed to arise when the individual(s) who carries(y) out decisions concerning the company's control, direction, operation or management live in Mexico.

Companies are subject to income corporate tax on their profits at a 30% rate. Tax losses can be carried forward for up to ten years but not back. In addition, Mexico allows companies to credit taxes paid abroad capped to the corporate tax rate, provided that the tax paid abroad is related to income that would be also subject to tax in Mexico.

Dividends obtained by a Mexican company from a foreign company must be included in the annual gross income with the possibility of crediting the direct and indirect income tax paid abroad. Taxpayers are required to calculate the credit for foreign taxes considering each country and year of distribution (baskets system).

As of 2014, payment of dividends by Mexican entities to (i) resident individuals; and (ii) foreign residents, are subject to a 10% withholding "tax on dividends" which should be considered as a final tax. However, such withholding could be reduced or eliminated by applying double tax treaty benefits included in treaties signed by Mexico with certain countries.

3. Individual Taxation

Individuals are considered as Mexican tax residents if their dwelling is located within the country. If the individual has

[1] In 2013 the Organization for Economic Cooperation and Development (OECD) released the report "Addressing Base Erosion and Profit Shifting" (BEPS) that deals with the problematic rise of tax base erosion that constitutes a serious risk to tax revenues and tax sovereignty, recommending OECD members enact domestic rules to: (i) prevent double taxation; (ii) neutralize the effects of hybrid mismatch arrangements; and (iii) limit base erosion via interest deductions and other financial payments, among others

two or more dwellings in different countries, he/she will be considered as a Mexican resident if his/her centre of vital interests is located in Mexico (i.e. family, main income, professional activities). All individuals are required to file tax returns separately.

Individuals are taxed by applying a progressive rate that ranges from 1.92% up to a maximum of 35% over their worldwide income, with the possibility of taking into consideration advance payments and/or tax credits, as the case may be. Personal deductions are very limited, thus the individual effective tax rate could easily come to more than 30%.

Certain types of income could be considered exempt (i.e. life insurance, inheritance and bequests, donations between certain family members, among others) from the taxable base.

Interest and yields received by individuals from foreign entities are taxable on the difference between the interest received and the rate of inflation.

Income derived from insurance companies, depending on the nature of the insurance (i.e. key employee insurance, life insurance, retirement insurance and health insurance), have a different tax treatment. For example, in the past, it was possible for Mexican companies to set up foreign captive insurance companies through a domestic fronting insurance company. However, as of April 2015 a new Insurance Law should be in force that prohibits the use of these schemes by allowing this type of insurance only with Mexican insurance companies.

As of 2014, capital gains derived from the sale of shares, credit and financial instruments made on the Mexican Stock Exchange or any other recognized stock exchange are subject to a withholding tax of 10% [2] . Losses may be applied against gains obtained in the following 10 fiscal years with no carry back.

4. Exchange of Information

Over the last few years, the Mexican tax authorities have become very active in regards to tax transparency and the exchange of tax information, especially concerning unreported bank accounts kept by Mexicans abroad. For these purposes, in the last five years the Mexican tax authorities have dramatically increased their capacity for exchanging information with other countries by entering into different international instruments such as: (a) double tax treaties; (b) The Convention on Mutual Assistance in Tax Matters [3] ; (c) tax information exchange agreements (TIEAs), such as with The Bahamas, since 2011; and (d) the Agreement to Improve International Tax Compliance including with respect to FATCA between Mexican and the United States authorities in force as of 2014 ("IGA").

Considering the foregoing, these new tools allow the tax authorities to obtain access to tax information regarding income obtained by Mexicans from abroad and with respect to cross-border transactions. Thus, recently there have been a large number of individuals reporting interest, dividends and capital gains income obtained from financial investments kept abroad, by declaring such income in their annual tax return and through an alternative granted by the tax authorities known as "confidential payment".

Mexican individuals were entitled until the fiscal year 2013 to apply a tax incentive known as "confidential payment", which allowed taxpayers to pay taxes on a confidential basis through a Mexican financial institution. As a result, full compliance with Mexican law was achieved while protecting the identity of the individual, eliminating the mandatory filing of an informative tax return in relation to these investments. Although this is still available for the fiscal year 2013 and back, it is no longer available for 2014 and on.

5. Mexican CFC Rules

Mexican CFC rules (Controlled Foreign Corporations Rules) currently in force require Mexican tax residents (both corporations and individuals) who hold shares or similar interests in foreign entities, companies, trusts or any other vehicle (hereinafter "foreign entities") subject to a preferential tax regime [4], to report the accrual of any anticipated income derived by these foreign entities regardless of whether the income was distributed or not to the Mexican taxpayer.

This obligation does not apply if: (a) the income derives from regular business operations unless it is passive income [5] representing more than 20% of the total income of the foreign entity; (b) the Mexican taxpayer does not exercise effective control [6] over the foreign entity; or (c) the relevant

[2] Brokers are required to withhold this tax.
[3] Mexico is part of this international instrument.

preferential tax regime jurisdiction has or enters into a tax information exchange agreement with Mexico (like The Bahamas).

As a consequence of the ambiguity of Mexican law, the use of transparent vehicles[7] triggers the same obligation to report the accrual of any anticipated income, except when taxpayers do not have effective control over the investment[8] and provided that Mexico has a TIEA in force with the country of source (like The Bahamas).

In addition, Mexican taxpayers who have income derived from listed jurisdictions or from transparent vehicles are required to report the income, unless a TIEA is in force. The Bahamas is a listed jurisdiction; however a TIEA has been in force since 2011.

6. Foreign Resident Taxation

Foreign residents are required to pay income tax in Mexico at different tax rates depending on the type of income, provided that the source of wealth is located in the country. In general terms the tax is collected through withholdings made by the person making the payment if he is a Mexican taxpayer; otherwise, the foreign resident is liable to pay the tax directly to the tax authorities. Following are some of the features of the most common types of income derived by foreign residents.

a.Interest

This is subject to withholding at different tax rates, ranging from 4.9% up to 35%, depending on various factors. Usually interest payments made by Mexican taxpayers to foreign banks are subject to a reduced 4.9% withholding rate. Double tax treaties can reduce taxation or even eliminate it. Interest paid to shareholders, either Mexican or foreign resident, may be deemed a profit distribution if certain requirements are not met, such as back-to-back loans.

In the case of Mexican companies, thin capitalization rules apply to any debt incurred with a foreign-related party. Limits must not exceed a 3:1 debt-to-net equity ratio; otherwise excess interest is not deductible by the Mexican entity.

Pursuant to the new BEPS provisions, interest payments (also royalty payments) made to a foreign related party will not be deductible in Mexico if the following conditions are met: (a) either of the parties has effective control over the other; (b) the recipient is a transparent entity unless the payment fulfills the arm's length standard and the foreign resident pays income tax on these items; and (c) the payment is disregarded for tax purposes in the foreign country or is not subject to tax on the foreign resident.

b. Capital Gains

Income derived from the sale of shares or other securities issued by Mexican companies is subject to a 25% withholding tax on the gross amount. However, an election can be made by the foreign residents to calculate income tax by applying a 35% tax rate to net gain, provided that certain formal requirements are met.

In the case of sales of shares on a stock exchange, as rule of thumb the rate will be 10% on the gain which must be withheld by the broker.

7. Payments made to preferential tax regimes "tax heavens"

If a foreign resident is subject to a preferential tax regime, a 40% withholding tax applies on payments obtained from a Mexican source. The foregoing does not apply to dividends and to certain types of interest (i.e. interest paid to foreign banks, publicly traded instruments, bonds issued by the federal government, etc.).

However, the Omnibus Tax Resolution provides that the above will only apply between related parties if the recipient is a resident of a country that has entered into a TIEA with Mexico.

This document was prepared by making a general reference to Mexican tax law. It should not be considered as tax advice since the facts must be considered in each case and these may alter the conclusions.

A preferential tax regime is deemed to exist if the "foreign entity" is subject to tax in that country at a rate less than 75% of the income tax that would be triggered in Mexico.
Passive income includes: interest, dividends, royalty payments, transfer of shares and other intangibles, commissions, agency income, capital gains derived from the sale of goods not located in the foreign country, income from services provided outside of said country, etc.
This means having direct or indirect control over the administration of the foreign entity or the power to decide on the distribution of profits.
Entity or vehicle which is not considered as a taxpayer independent from its partners, having as a consequence that: (i) profits flow directly and proportionally; (ii) partners are directly liable for taxes.
i.e. when a Mexican tax resident cannot resolve timing and amount of profit distributions

Victor Manuel Barajas Barrera

Partner
Basham, Ringe y Correa, S.C.

International Taxation, Corporate Law, Master's Degree Program, at Universidad Anahuac Cancun, and for the International Taxation, Taxation Master's Degree Program, Universidad Marista of Mérida.

He is a member of the Society of Trust and Estate Practitioners (STEP) and the Educational Secretary for STEP Mexico. He also is a member of the International Fiscal Association (IFA); Young IFA Network (YIN); American Chamber of Commerce México (AmCham) and its Tax Committee; and Lex Mundi, Member of the Tax Practice Group. A Mexican reporter and speaker for the International Bar Association's World Conference (2007-Singapore, 2008-Buenos Aires and 2011-Vancouver). He has authored numerous articles for the International Bar Association and Tax related publications such as Puntos Finos.

He previously worked at the Mexican Tax Administration Service as Sub-Director of the International Tax Rulings Department (2000-2003), and completed an internship programme at ATAX Australian Taxation Studies. University of New South Wales, Sydney (2003-2004).

He received an LL.M in Taxation (2001-2002) and a JD (1995-2000) from the Universidad Panamericana. He is a member of the Barra Mexicana Colegio de Abogados, S.C. (Mexican Bar Association), admitted in 2007. He obtained the Foundation Certificate in International Trust Management from the University of Manchester Business School, Society of Trust and Estate Practitioners (STEP) and CLT International (2012-2013).

Eduardo Ramos Parra

Tax Consulting and Litigation
Basham, Ringe y Correa, S.C.

Eduardo Ramos is an Associate in the tax area at the office in Mexico City. He focuses on tax planning, consulting and tax strategy, both national and international, including corporate reorganization, investment structures, individual taxation, etc.

Prior to joining Basham, Ringe y Correa, Mr. Ramos served important firms in the tax area division; developing the areas of corporate law, tax planning, tax litigation and legal remedies for taxpayers.

He has been an active member of the Mexican Bar Association and its Tax Committee since 2013.

He graduated from the Universidad Nacional Autónoma de México (UNAM) in 2010; and received an LL.M. degree from the Universidad Panamericana in 2013. He is fluent in English and Spanish.

Doing business in Brazil

For and from a Bahamian perspective

By William Heuseler and Leonardo Henrique M Braz Real

For foreign executives, doing business for the first time in Brazil can be a complex experience.

As the world's eighth global economy, with more than two hundred million people, Brazil is projected to become one of its biggest economies.

In this article, we will discuss the regulatory and tax implications on the Remittance, Maintenance and Repatriation of foreign investments in Brazil. In order to facilitate our approach we will distinguish among three possible ways to invest in Brazil, according to the non-resident investor objectives. The investment can be made directly in the real economy (incorporation of a company that will develop a commercial activity in Brazil), in the financial market or through an international loan operation.

When it comes to investments in Brazil, the non-resident must mainly consider two aspects: taxation and regulation (the formal registry procedures). All non-resident

investments in Brazil are regulated by the law 4.131 enacted in 1962. This normative regulates every transfer of money in and out of Brazil and, in general terms, it grants the Brazilian Central Bank power to establish registration procedures on this matter. In terms of taxation, a couple of laws determine the tax implications of each of those movements while the Brazilian tax authority is also granted the power to establish taxation procedures.

Financial transactions are taxed by a federal duty called IOF (Imposto sobre Operações Financeiras) regulated by the decree No. 6,306 enacted in 2007. Financial transactions involving foreign exchange are usually taxed at 0.38% rate. In other words, any of the situations below will potentially trigger IOF.

1.Real Economy Direct Investment

The foreign investor who intends to invest in the Brazilian real economy, incorporating a company that will develop commercial or industrial activity in the country, should pay attention to some points in order to avoid operational bureaucratic delays. In Brazil, branches are difficult to establish and depend on Presidential Decree approvals, which deman significant time and effort. Thus, the most common form to invest in the real economy is through an incorporated subsidiary or limited-liability company, that are relatively straightforward and inexpensive to create. Further, this invested company will need to fill in an electronic registration on SisBacen (electronic system maintained by the Central Bank) under a specific section of direct investment (RDE-IED).

Foreign investment, generally is welcomed and actively sought, particularly if it brings new technology, creates jobs, develops agriculture and increases exports. Government offers some investment incentive programs such as tax incentives in certain underdeveloped and strategic areas offered by the Federal government, and incentives offered by many states and municipalities to attract investment. However, Brazilian legislation restricts foreign investors as owner of television and radio stations, newspapers, mining and hydroelectricity, coastal and freshwater shipping companies, and Brazilian airlines.

When it comes to taxation income, according to dispositions of decree No. 3.000 of 1999, dividends paid to shareholders resident or domiciled in and out of Brazil are tax exempt. JCP distribution (specific Brazilian type of interest paid by a company to its shareholders in consideration of one's capital investment) is taxed at 15%, with an additional 10% if the shareholder is domiciled in a jurisdiction considered as a favorable taxation regime as per Brazilian legislation definition More details on this matter can be obtained in the Normative Ruling of the Federal Revenue Service 1037/2010, which presents the list of countries that fall into this differentiated taxation situation.

Capital decreases are income tax exempt up to the amount registered in foreign currency with the Brazilian Central Bank, in the moment of remittance. However, disposition of shares would trigger 15% income tax over capital gains, with an additional 10% if the shareholder is domiciled in a jurisdiction considered as a favorable taxation regime as per Brazilian legislation definition.

2. Financial Investment

Brazil has a fairly liberal investment policy for foreign investment in the financial market. According to the Article 66 of Normative Instruction No. 1022 of Brazilian Federal Revenue Service, non-resident investors (individuals and companies) have the same tax treatment of residents and can invest in most of the financial and capital market assets available. However, foreign investors should appoint local individuals or entities to act as representatives for regulatory and tax related issues, and complete other formalities — e.g. take a tax ID (CPF for individuals and CNPJ for companies) with the Federal Revenue Service, and obtain registration with the Securities and Exchange Commission (CVM).

Then, the non-resident investor must sign an agreement with a Brazilian bank authorized to operate in the foreign currency exchange market, which will register him with the Brazilian Central Bank, and for each operation of exchange, remittance or repatriation, there will be generated an Electronic Declaratory Registration (RDE). In this bank, the investor can open one of the two special bank accounts to foreign. The special bank account called CDE has a series of restrictions,

may only contain money and a few fixed income funds and has the same tax treatment of residents. On the other hand, the bank account which follows the rules of Resolution No. 2689 of the Brazilian Central Bank is more flexible, may only contain financial investments and is subject to a special tax regime. It is used by most of foreign investors.

It is noteworthy that the rates and the incidence or not of taxation, regulated by the Resolution 2689, depend on the type and country of origin of the investment, with higher taxation to countries considered as a favorable taxation regime as per Brazilian legislation definition (Normative Ruling of the Federal Revenue Service 1037/2010). The table below outlines the main types of investment and their taxation, considering the origin of the investor.

Assets	**Investors not domiciled in countries considered as a favorable taxation regime**	**Investors domiciled in countries considered as a favorable taxation regime**
Listed Shares; Futures (BM&F) and Options (BM&F)	0%	15%
Government Bonds (Law 11.312/2006) – Income	0%, Federal Government, securities (acquired after February 16, 2006)	- 22.5%, for investments up to 180 days period; - 20%, for investments from 181 to 360 days period; - 17.5%, for investments from 361 to 720 days period; - 15%, for investments over 721 days.
Infrastructure Instruments. *Note: some requirements must be followed according to the Law 12.431/12 and its amendments*	0%	15%
Private Equity Funds ("FIP"), Private Equity Funds of Funds "FICFIP") and Emerging Companies Funds ("FIEE") *Note: This exemption does not apply to the investor who, solely or together with related persons, represents 40% or more of the total quotas or whose quotas give him the right to yields greater than 40% of the total yield.*	0%	15%

3. International Loan Operations.

The foreign investor who intends to invest in Brazil by lending money to Brazilian entities or individuals, will need to fill in an electronic registration on SisBacen (electronic system maintained by the Central Bank) under an special section of direct investment (RDE-ROF), specifying what the capital will be used for.

In terms of taxation, remittance and repatriation of capital are only subject to IOF of financial transactions involving foreign exchange, at the rate of 0.38%. However, if the loan has a term lesser than 180 days, an additional IOF at rate of 6% will be applicable. Furthermore the payment of loan interests would trigger 15% income tax, with an additional 10% if the beneficiary is domiciled in a jurisdiction considered as a favorable taxation regime as per Brazilian legislation definition.

Conclusion

That said, Brazil has a positive policy for foreign investors intending to deploy investment structures in Brazil. In order to determine the best way to invest, however, one must consider a large number of possibilities and variations in accordance with their goals. Tax and regulatory advice from local attorneys is highly recommended. ::

William Heuseler, JD, LLM, TEP©
Superintendent of Wealth Planning Team
Itaú Private Bank

William Heuseler is the head of the Wealth Planning division of Itaú Private Bank. Graduated in Law at Federal University of Rio de Janeiro and specialized in Trust Law by Kaplan-Hawksmere School, in London. Participated of the LLM program in Banking, Corporate and Financial Law of Fordham Law School in New York, and is specialized in Deal Negotiation Law at Harvard Business and Law School. William has over 20 years of experience dealing with ultra-high net worth clientele, with the expertise on cross-border matters, tax and asset protection planning; family and corporate governance, among other Wealth Planning strategies. William is President of the Brazilian branch of STEP (Society of Trust and Estate Practitioners), and author of numerous

Leonardo Henrique M Braz Real
Wealth Planning Team
Itaú Private Bank

Leonardo Henrique Mota Braz Real is graduating in Law School of Mackenzie University. Recently, he joined the Wealth Planning division of Itaú Private Bank, dealing with high and ultra high net worth clients, as well as with cross-boarder and succession planning matters for Brazilian residents. Prior to Itaú, Leonardo worked in São Paulo Court of Justice in Family and Civil Law area.

Structures for Doing Business in The Bahamas

This article is intended to provide general information on the laws and policies involved when engaging in business in the Commonwealth of The Bahamas. The information contained in this publication is not intended to be a comprehensive statement of the matters discussed, nor is it intended to provide legal advice or to be relied upon as applicable to any particular set of circumstances. No responsibility is accepted by the authors or publishers for any statements or omissions which might prove to be misleading. Readers are advised to seek their own professional advice before investing or engaging in business in the Commonwealth of The Bahamas.

A number of options are available when selecting a structure for doing business in The Bahamas. Certain types of investment may require the use of a particular vehicle, as in the case of bank formation or insurance business, both of which require the use of a corporate structure.

Structures for doing business include the following.

Sole Proprietorships

Investors may be sole proprietors. Sole proprietorships are not registered in The Bahamas. The investor will however require a business licence and, if appropriate, a shop licence. The name of the business should be registered under the Registration of Business Names Act. There is no fee payable simply for commencing business as a sole proprietor. The investor, as sole proprietor, will be personally liable for expenses associated with the operation of the business. There will be no restrictions on the capitalization required to launch the business. The investor may however be required to demonstrate the ability to adequately fund the investment. Business licence fees are payable annually. As of January 1, 2015 value added tax of 7.5 per cent will be payable on goods and services provided by the sole proprietorship where the annual taxable sales of the business exceed $100,000.

Limited Liability Companies

Limited liability companies are permitted under Bahamian law and may be incorporated under the Companies Act 1992 or the International Business Companies Act 2000. Company names must be approved by the Registrar of Companies.

Companies under the Companies Act 1992 (CAC)

CACs are incorporated under the Companies Act 1992 by two or more persons signing a memorandum which satisfies the requirements of the Companies Act and by submitting it to the Registrar accompanied by required affidavits and declarations.

Provided that all is found to be in order, the Registrar will issue a certificate of incorporation evidencing the incorporation of the CAC. Certificates of Incorporation can typically be issued within a few days. Government fees for incorporation are $330. Stamp duty of $100 is payable if the share capital is under $5,000, increasing by $5 for every additional $1,000 of share capital or portion thereof. On January 1 of each year where not less than 60 per cent of the company's shares are beneficially owned by Bahamians the company must pay $350. Where less than 60 per cent of its shares are beneficially owned by Bahamians, the company must pay $1,000.

There is no requirement that a national of The Bahamas or a related state be a participant, manager or director of the CAC and there are no restrictions on capitalization. As of January 1, 2015 value added tax of 7.5 per cent will be payable on goods and services provided by the CAC where the annual taxable sales of the CAC's business exceed $100,000.

Companies under the International Business Companies Act 2000 (IBC)

An IBC is incorporated under the International Business Companies Act 2000 by two or more persons subscribing to a memorandum which satisfies the requirements of the Act. The memorandum and articles must be registered with the Registrar of Companies who will issue a certificate

of incorporation certifying that the IBC is incorporated. Certificates of incorporation can typically be issued within a few days. The certificate will however bear the date on which the memorandum and articles were submitted to the Registrar. With special permission from the Central Bank of The Bahamas an IBC may engage in business in The Bahamas. Government fees for incorporation are $330 if the authorized capital of the IBC is $50,000 or less, and $1,000 if the authorized capital is $50,001 or more. On January 1 of each year, the IBC must pay an annual fee of either $350 or $1,000 depending on its authorized capital.

There is no requirement that a national of The Bahamas or a related state be a participant, manager or director of the IBC and there are no restrictions on capitalization. If the IBC provides goods and services in The Bahamas then as of January 1, 2015 value added tax of 7.5 per cent will be payable on goods and services provided by the IBC where the annual taxable sales of the IBC's business exceed $100,000. There are no tax consequences for utilising an IBC if the IBC does no business in this jurisdiction. An IBC may be established for a limited duration.

Unlimited Liability Companies

Unlimited liability companies may be incorporated as a CAC under the Companies Act 1992 or as an IBC under the International Business Companies Act 2000. The procedure and cost for incorporation of these companies are the same as mentioned for the incorporation of limited liability companies. The nature of the shareholder's liability is detailed in the memorandum of association of the company. There is no requirement that a national of The Bahamas or a related state be a participant, manager or director of the company.

Segregated Accounts Companies (SAC)

The Segregated Account Companies Act, 2004 provides for the registration of SACs in The Bahamas. Commonly used by captive insurance and investment funds, a SAC is a type of company with a series of accounts with assets linked to one or more of the segregated accounts. Assets linked to a segregated account are protected from claims of creditors of other segregated accounts, to which the assets are not linked. A governing instrument evidences the rights, interests and obligations of account owners. A SAC must inform parties with whom it does business that it is a SAC.

A SAC must be incorporated under the Companies Act or the International Business Companies Act and then registered as a SAC by filing a request with the Registrar of Companies. Written consent of the company's primary regulator and, if the company has conducted business prior to registration, the consent of all known creditors must be received. The SAC is required to appoint a Representative to be resident and licensed in The Bahamas. Once the Registrar has approved the application and registration fees have been paid, the company is registered as a SAC and a notice of the registration is published in the Gazette. Government fees for registration are $500. On January 1 of each year, the SAC must pay an annual fee of $500.

Bahamas Executive Entity (BEE)

The Executive Entities Act, 2011 provides for the establishment of a Bahamas Executive Entity or BEE. A BEE is a legal person whose sole purpose is to perform executive functions. A BEE must be resident and domiciled in The Bahamas and is able to sue and be sued in its own name.

Executive functions which can be performed by the BEE include exercising powers and duties of an executive, administrative, supervisory, fiduciary and office-holding nature, the ability to act as an enforcer, protector, trustee, investment advisor and the holders of any other office of any trust, holding any office of any legal person, and the ownership, management and holding of executive entity assets and trust assets.

A BEE must have a registered office in The Bahamas, which must be the address of the Executive Entity Agent of the BEE. Additionally, a BEE must have a Founder, an Executive Entity Agent, a Secretary, Council Members, Officers, and an Auditor. Government fees for incorporation are $500. On January 1 of each year, the BEE must pay an annual fee of $500.

All questions arising in regard to a BEE or in regard to any disposition of assets to it are determined in accordance with the laws of The Bahamas, without reference to the laws of any other jurisdiction with which the BEE or disposition or Founder may be connected. The Exchange Control Regulations Act does not apply to a BEE or to any transaction by a BEE, provided that the Founder of the BEE is not deemed resident in The Bahamas for Exchange

Joint Ventures

Joint ventures are also permitted under the laws of The Bahamas. There are no registration or incorporation requirements for joint ventures. Fees for establishing a

joint venture will vary depending upon the complexity of the arrangement and will usually be restricted to fees for professional services rendered in connection with advising generally on the joint venture and for preparation of documents. There is no requirement that a national of The Bahamas be a participant, manager or director in a joint venture and there are no restrictions on capitalization or special rules which determine an investor's potential liability. As of January 1, 2015 value added tax of 7.5 per cent will be payable on goods and services provided by the joint venture where the annual taxable sales of the joint venture's business exceed $100,000.

Partnership, General and Limited

Bahamian law recognizes and permits both general and limited liability partnerships.

General Partnership

There is no requirement that a national of The Bahamas or a related state be a partner in a general partnership arrangement. Fees for establishing a general partnership relationship will vary depending upon the complexity of the arrangement and will usually be restricted to fees for professional services rendered in connection with advising generally on the partnership and for preparation of documents. A partner in a general partnership will potentially be personally liable for the debts contracted on behalf of the firm although as between partners his liability may be limited to the proportionate value of his share in the partnership. As of January 1, 2015 value added tax of 7.5 per cent will be payable on goods and services provided by the partnership where the annual taxable sales of the partnership's business exceed $100,000.

Limited Liability Partnership (LLP)

LLPs are governed by the Partnership Limited Liability Act. An LLP may be formed by two or more persons for the transaction of any mercantile, mechanical or manufacturing business within The Bahamas, except banking or insurance. In any such partnership one or more of the members shall be called the general partners, and shall be jointly and severally responsible, as partners now are by law; and the other members shall be called the special partners, who shall each contribute a specific amount of capital, in cash, or other property, as cash value, to the common stock; and such special partners shall not be liable for the debts of the partnership beyond the amount of the funds so contributed by them respectively to the capital; except as provided in the Act. Persons wishing to form such partnerships must make, and severally sign a memorandum of co-partnership substantially in the form contained in the schedule to the Act. After the memorandum of co-partnership has been made, acknowledged and certified the general partners named therein must also make and sign a solemn declaration before a notary public to the effect that such portions of the capital stock as have been contributed in cash by the special partners have been deposited in a bank in Nassau in the name of the firm and produce to the notary, to be annexed to the declaration, a certificate to that effect from the manager of the bank and shall also declare that the amount in money, or other property, at cash value, specified in the memorandum has been actually and in good faith contributed for the purpose of being applied as specified in the memorandum. The memorandum and the declaration with the certificate of the manager of the bank must be recorded in the Registry of Records. Once recorded, the partners must publish the terms of the partnership in all newspapers printed in The Bahamas for at least six weeks immediately after the recording and until the publication is made for that period, the partnership shall not be deemed a partnership with limited liability under the Act. Fees for establishing an LLP will vary depending upon the complexity of the arrangement and will usually be restricted to fees for professional services rendered in connection with general advice. There is no requirement that a national of The Bahamas or a related state be a general or special partner. Further, there are no restrictions on contributions to the capital. As of January 1, 2015 value added tax of 7.5 per cent will be payable on goods and services provided by the LLP where the annual taxable sales of the LLP's business exceed $100,000.

Exempted Limited Partnerships (ELP)

An ELP may be formed for any lawful purpose or purposes to be carried out and undertaken either in or from within The Bahamas. However, an ELP may not undertake business with the public in The Bahamas other than so far as may be necessary for the carrying on of its business outside The Bahamas. An ELP is established under the Exempted Limited Partnership Act 1995 and is formed by one or more persons called general partners who are liable for all debts and obligations of the ELP in the event the assets of the ELP are inadequate, and one or more persons called limited partners who are not liable for the debts or obligations of the ELP, save as provided in the partnership agreement and to the extent specified in the Act. At least one general partner, if an individual, is required to be resident in The Bahamas, or if a company, is required to be incorporated or registered in The Bahamas.

Registration of the ELP takes place upon the filing of the

requisite statement with the Registrar of Companies and the payment of a registration fee of $850. Provided that all is found to be in order, the Registrar will issue a certificate of registration evidencing the registration of the ELP. ELPs are exempted from payment of business licence fees and stamp duty for 50 years from the date of registration. On January 1 of each year, the ELP must pay an annual fee of $475.

Undisclosed Partnerships

Undisclosed partnerships are permitted in The Bahamas. There are no specific regulations governing undisclosed partnerships. Undisclosed partnerships are formed by private contract and fees will vary depending on the complexity of the relationship. There is no requirement that a national of The Bahamas or a related state be a participant, manager or director in an undisclosed partnership. A partner in an undisclosed partnership will potentially be personally liable for the debts contracted on behalf of the firm although as between partners his liability may be limited to the proportionate value-of his share in the partnership. As of January 1, 2015 value added tax of 7.5 per cent will be payable on goods and services provided by the undisclosed partnership's business where the annual taxable sales of the undisclosed partnership's business exceed $100,000.

Subsidiaries/ Branches /Representative Offices

Companies incorporated outside The Bahamas may conduct business in The Bahamas by registering as a foreign company under the Companies Act 1992. Registration may be effected by deposit of documents with the Registrar of Companies containing particulars of the foreign company. Stamp duty of $600 is payable by the foreign company and the registration fee is $50. Foreign companies registered in The Bahamas pay an annual fee of $1,000. Investor liability will be determined by the structure of the foreign company as represented in the documents filed with the Registrar. There is no requirement that a Bahamian become a participant, manager or director. There are no capitalization requirements. Goods and services supplied between branches where one branch is resident outside The Bahamas and the other resident in The Bahamas may be subject to value added tax of 7.5 per cent on those goods and services as of January 1, 2015.

Trusts

Trusts are recognized in The Bahamas and are governed by the Trustee Act 1998. A trust under Bahamian law is a relationship between parties and is not an entity with a separate juristic existence. Assets transferred to a trustee under trust cease to be legally owned by the transferor and become subject to the terms of the trust. Bahamian law allows an investor to be the settlor and/or beneficiary of a trust. An individual investor may also act as trustee of a trust governed by Bahamian law. Corporate trustees must be licensed and are regulated by the Central Bank of The Bahamas pursuant to and under the Banks and Trust Companies Regulation Act, 2000.

There is no legal requirement for trusts to be registered or for public disclosures to be made. Exchange Control Regulations do not apply to non-resident settlors, donors, beneficiaries and trustees participating in an offshore trust. An exemption exists in respect of trusts with non-resident beneficiaries, in connection with the payment of taxes including stamp duty on transfers of property into trusts. All trusts established after the commencement of the Trustee Act must be stamped with a $50 revenue stamp.

Other features of a trust include the ability of a settlor to retain a wide range of powers without the trust being declared a sham. Subject to the terms of the trust, trustees have wide statutory investment and management powers, and a protector may be appointed to oversee the trust. The Trusts (Choice of Governing Law) Act, 1998 provides protection against forced heirship laws.

Asset Protection Trusts (APTs)

The operation of asset protection trusts in The Bahamas is supported by the provisions of the Fraudulent Dispositions Act. The Act protects the assets of a settlor by placing them out of the reach of creditors who commence litigation in relation to those assets more than two years after the assets were transferred to the trust. Under the Fraudulent Dispositions Act forced heirship laws are not recognized.

Purpose Trusts

Persons investing in The Bahamas may use a purpose trust as a component of their investment scheme. A purpose trust can be created for purposes which are not charitable and will not require an individual or corporate beneficiary. The intent behind a purpose trust must be possible and sufficiently certain to allow the trust to be carried out, and not be contrary to public policy or unlawful. Purpose trusts can be fixed or discretionary and unless otherwise expressed in the trust instrument, the trustee may distribute capital and income between different authorized purposes, individuals, corporations and charitable purposes.

With the exception of land, and any interest in land, almost

any assets can be the subject of a purpose trusts. Although the following is not an exhaustive list, generally, purpose trusts can be used to hold shares of a private company, for philanthropic and charitable purposes, for asset purchase or financing transactions, and for the structuring of voting rights in a company.

Each purpose trust must have an "authorized applicant" appointed under the trust instrument. The authorized applicant is a person who can enforce the purpose trust and who has standing to make court applications pertaining to matters involving the purpose trust. Purpose trusts being administered for profit or reward, must appoint a trustee who is either a licensed bank or trust company, counsel and attorney, a registered accountant or any other person designated by the Minister with responsibility for the Purpose Trust Act 2004.

Foundations

As an alternative to trusts and corporations, wealth management planners may employ the use of a Bahamian foundation. The foundation is best understood as a hybrid between a trust and a company. The foundation will have beneficiaries and may have a protector. It can be established by a will and no forced heirship rules apply. It may be revoked by the founder if provided for in the charter by which it is established. Upon registration the foundation will be a legal entity, resident and domiciled in The Bahamas with the capacity to sue and be sued in its own name. It may enjoy unlimited duration, subject to the revocation of the charter, winding up, liquidation or being otherwise terminated. The assets transferred to the foundation will become exclusively its assets and shall cease to be the assets of the person who or which made the endowment. The foundation documents will identify its beneficiaries which may be individuals, a charity or the public at large. The foundation assets will not become the assets of a beneficiary unless and until distributed in accordance with the provisions of the foundation charter, the articles (if any) and the Foundations Act. The foundation must have assets valued at not less than B$10,000 or US$10,000 or the equivalent thereof in another currency.

The foundation will have a stated purpose or object which may be any lawful purpose and may, but need not, be charitable. The Foundations Act describes the main purposes or objects of a foundation as including the management of its assets. This may involve the buying and selling of such assets. Government fees for registration range between $500 and $125 depending on the quarter of the year in which registration takes place. On or before April 30 of each year, the foundation must pay an annual fee of $500.

Private Trust Company (PTC)

A PTC is a company incorporated under the Companies Act or the International Business Companies Act which acts as trustee only for a trust or trusts created or to be created by or at the direction of a designated person or persons or an individual or individuals who are related to the designated person described within the designating instrument. The establishment of the PTC allows for the trusteeship of a defined class of trusts by reference to the designated person. All other settlors of trusts for whom the PTC acts as trustee must be related to the designated person or persons.

PTCs require a registered representative who must meet certain criteria including being: (i) a separate legal entity, (ii) either a licensee of the Central Bank of The Bahamas or a Financial and Corporate Services Provider approved by the Central Bank and (iii) resident in The Bahamas. PTCs also require a special director unless an officer of a licensee of the Central Bank serves as registered representative. Special directors need not be resident in The Bahamas but they must possess a good reputation, experience in a discipline relevant to the administration of trusts (law, finance, commerce, investment management or accountancy).

PTCs serve as a convenient vehicle for the transfer of control over family business interests and assets. By their nature they allow for flexibility and fast and easy decision-making. Directors of a PTC are required to submit annual certification to the registered representative confirming that the company continues to qualify as a PTC. ⁘

VAT in The Bahamas

By Alexandra Hall

The Government of The Bahamas has announced that on 1st January, 2015 value added tax ("VAT") will be introduced in The Bahamas.

VAT will be payable on most goods and services imported into The Bahamas or purchased locally. After much consultation with local stakeholders and international experts, it has been determined that the standard rate of VAT (i.e. the rate charged on the majority of goods and services) will be 7.5% The legislation also identifies certain supplies of goods and services as zero-rated (e.g. goods that are exported and professional services where the benefit is enjoyed outside of The Bahamas) or exempt (e.g. services provided by charities and domestic financial services not provided for an explicit fee).

VAT is a consumer tax. Therefore the recipient of a good or service pays the tax unless the supplier and the recipient agree otherwise. Where a contract is executed before the introduction of VAT and it does not include any provisions relating to VAT but the supplier becomes a registrant, the legislation provides that the supplier of the good or service may recover from the recipient the tax due on the supply.

VAT will only be chargeable by persons and businesses registered with the Value Added Tax Department. Registrants will be issued a Certificate of Registration and the draft legislation mandates that these Certificates be displayed in a conspicuous place. As a result of this mandate, customers walking into businesses throughout The Bahamas should be able to determine readily whether such business can properly include VAT in the costs of goods or services provided. The legislation includes a mandate that the VAT Department maintain a register containing the details of all registrants which must be available for public inspection. The complete list of VAT Registrants must also be published in the Gazette on the 1st January in each year.

For most businesses, the threshold for mandatory registration with the VAT Department will be $100,000 of taxable activity per annum. The draft legislation does not specify the mandatory registration threshold for businesses which provide public entertainment. Businesses whose taxable activity is below the mandatory registration threshold may apply to the VAT Department for voluntary registration if they show that they can maintain proper accounting records. VAT will be charged on the total consideration payable for goods and services. In the case of imported goods, this will be the customs value plus the cost of insurance and freight (where not otherwise included), plus the amount of any customs duty, excise tax, environmental levy or surcharge and other tax except VAT and any customs service charges.

VAT is not cumulative. Tax is paid only on the value added during the various stages in the production/manufacture/sales process. Registered businesses that provide taxable goods and services will be able to claim credit for and deduct VAT they pay during the production of the taxable goods or service (the "input tax") before remitting VAT charged on their sales (the "output tax") to the Government. Therefore, businesses will

"Financial services provided to non-residents will be assessed VAT at 0%"

only send to the VAT Department the difference between the total output tax and input tax during any tax period. It has been announced that there will be three tax periods. Where a registrant's turnover from taxable activity is greater than $5 million per annum returns must be filed monthly. Where a registrant's turnover from taxable activity is between $400,000 and $5 million a registrant may file quarterly. Where a registrant's turnover from taxable activity is below $400,000 returns may be filed semi-annually.

Registrants must file returns with the VAT Department within 28 days of the end of each tax period, whether or not tax is payable by the registrant in respect of that period. Any VAT due to the VAT Department must be paid within this 28 day period.

Where the tax period of a registrant is one calendar month and the input tax paid by the registrant is greater than the output tax collected during any month the difference (the "credit") must be carried forward to the next tax period and treated as input tax deductible in that tax period. If a credit balance remains after the next tax period the registrant may make an application to the VAT Department for a refund.

One of the concerns expressed by business owners is that VAT will be payable to the VAT Department before payment has been received from the consumer and in circumstances where payment is never received the registered business must absorb VAT payable. The VAT legislation contains provisions that address this concern. Where a debt is treated as a bad debt by a registrant and is written off, the legislation provides that a registrant may make a claim for an input tax deduction for VAT paid in respect of this debt.

VAT payable on the taxable supply of goods and services must be forwarded to the VAT Department by the person making the supply. Where there is a taxable importation of goods, the importer is responsible for the payment of VAT. VAT payable will be due at the time the goods are entered for home consumption as if it were a duty of customs under the Customs Management Act. VAT will be collected by the Customs Department.

Where taxable services are imported into The Bahamas, the legislation provides that the importer and recipient of such services are jointly and severally liable for the payment of VAT. Where the recipient of the services is not a taxable person VAT must be paid to the VAT Department within seven days of the importation of the services. Where the recipient is an unregistered taxable person VAT is payable on the date stated in the notice of assessment issued by the VAT Department. Where the recipient of the imported services is a registrant VAT payable on those services must be paid within 28 days after the tax period in which the services were imported.

The draft legislation provides that serious fines and penalties will be levied for the failure to comply with its provisions. Where a taxable person fails to register with the VAT Department the maximum penalty on conviction is a fine of $100,000, a 12 month prison term or both. Where an importer of taxable goods or services fails to submit an import declaration as required or fails to pay the VAT due the importer will be liable on conviction to a maximum penalty of $250,000, a 12 month prison term or both.

Other penalties that can be imposed include: (i) the seizure of goods where the Commissioner has a reasonable ground to believe that the goods comprise a taxable supply by a taxable person or a taxable importation and that VAT has not

or will not be paid on the supply or import; (ii) the forcible closure of the business of a person who has repeatedly failed to comply with the VAT legislation; and (iii) the publication in a local newspaper of the names of persons who have repeatedly failed to comply with the VAT legislation.

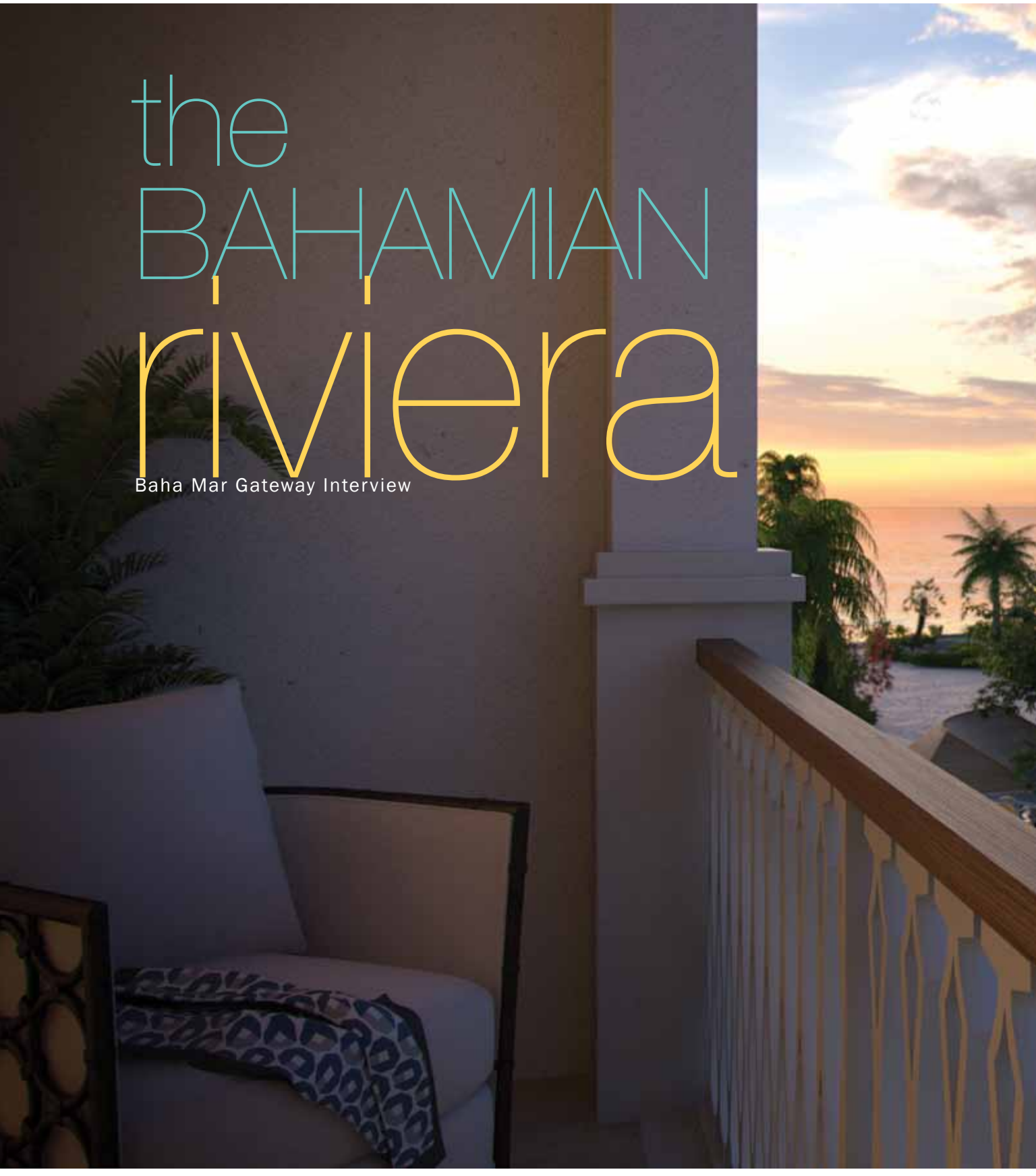
If a company fails to pay the VAT payable within the time prescribed, a director or other similar officer of the company can be personally liable for the payment of VAT, unless it can be proven that such person exercised the degree of care, diligence, and skill that a reasonably prudent person would have exercised in order to prevent the company from failing to pay the amount of VAT payable within the prescribed time.

Going forward contracts must expressly address VAT and state which party is responsible for the payment of VAT; accounting and billing systems must be capable of calculating the VAT payable and generating different forms of sales slips (i.e. a VAT invoice if the customer is a VAT registrant or a VAT sales receipt if the customer is a non-registrant); and consumers must educate themselves and know whether goods and services are taxable at the standard rate, are zero-rated, or are exempt from VAT.

January 1st, 2015 will mark the beginning of a new era in The Bahamas. Whether a person is an adviser, business owner or a consumer (or any combination of them) the introduction of VAT will affect them and it is incumbent upon all persons in this jurisdiction to prepare for this new regime. ::

Alexandra Hall

Alexandra Hall is an Associate in the firm's Commercial Law and Private Client and Wealth Management Practice Groups. She has experience in local tax law, corporate and commercial law, legal issues relating to resort development and operations and gaming law and regulation. She has assisted in various aspects of commercial transactions including securing governmental and regulatory approvals for a variety of businesses. Alexandra regularly advises clients on day-to-day legal issues including licensing and compliance matters as well as other general corporate matters associated with the establishment and operation of a business in The Bahamas. In 2014 Alexandra presented to various groups throughout The Bahamas on the introduction of value added tax.



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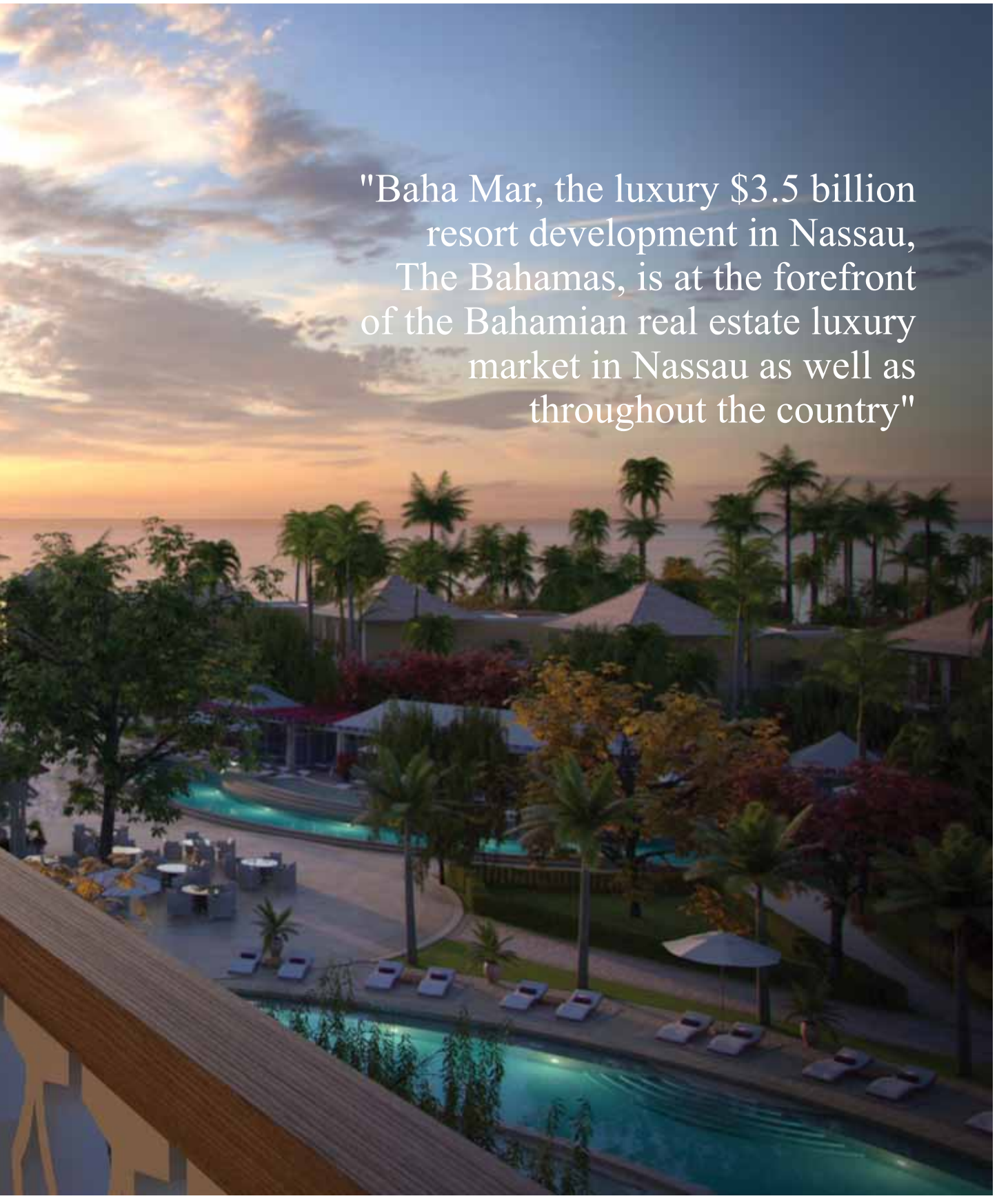
"Baha Mar, the luxury $3.5 billion
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throughout the country"

The Bahamas is well known by wealth managers around the world because of the many advantages that it offers to investors. The country is respected as the oldest financial centre in the region and luxury real estate investments in The Bahamas increasingly are considered sound investments. Baha Mar, the luxury $3.5 billion resort development in Nassau, The Bahamas, is at the forefront of the Bahamian real estate luxury market in Nassau as well as throughout the country. Gateway asks Genevieve Conroy, Vice-President of Residential Marketing and Sales at Baha Mar, about the resort and its transformation of the luxury real estate market in The Bahamas.

What makes the real estate offering at Baha Mar a unique product?

Our CEO and Founder, Sarkis Izmirlian, often says that the world has never seen what we are about to create at Baha Mar. Baha Mar is not a typical development. Owning a residence is not a timeshare or fractional ownership and, unlike many Caribbean properties, Baha Mar purchasers are not limited to a leasehold interest. Instead, Baha Mar purchasers are deeded full freehold ownership backed up by title insurance from one of the world's most recognizable and experienced insurers. The resort features 284 private residences valued at $800 million across the three global hotel brands including Rosewood, Grand Hyatt and SLS LUX. Baha Mar is extremely encouraged by the strong momentum of sales. Additionally, the sales team has already sold three of the five Rosewood villas, the largest and most exclusive residences at Baha Mar. Due to the accelerated sales pace we expect that "pre-occupancy" price points will increase upon opening.

Baha Mar is a transformative project that is changing the landscape of the Bahamian service industry by aligning with partners who thrive on attention to detail and have an unprecedented focus on service. Owners will have the ultimate experience while living or vacationing here; everything will be taken care of from housekeeping to fine dining and shopping.Residents will also have direct access to the 100,000 square-foot, Las Vegas style casino - the largest in the Caribbean.

The Bahamas is known primarily as a tourist market. How is Baha Mar positioning the Bahamas as a second home market?

The Bahamas' proximity to the United States and its prime location between North and South America make it the perfect place for a second home. Other factors that make The Bahamas an ideal location include having a local currency that is on par with the U.S. Dollar and having high accessibility via direct flights from many of the major U.S. hubs such as Miami and New York as well as other international hubs such as London and Panama. There are several reasons why owning a second home at Baha Mar is an attractive proposition and our residential team is making it easy to be an owner at Baha Mar by introducing key programs for buyers. Purchasers can own their residence outright and live in it full time or participate in the hotel rental management program to contribute towards a return on their investment. In Baha Mar's optional hotel rental management program, purchasers can reserve up to 90 days of personal use per year while allowing the respective Baha Mar hotel brand market and rent their residence to hotel guests. Additionally, owners can choose to lease their Rosewood or SLS LUX residence to Baha Mar for the first two years of ownership with a guaranteed return.

What are some of the other features available to buyers at Baha Mar?

Baha Mar's hotel rental management program also allows owners to waive all customs duties at closing which enables owners to save approximately 25 percent of the purchase price and eliminates yearly real estate taxes. Our owners are also exempt from Bahamian income taxes or capital gains taxes (there are none) upon resale. Baha Mar purchasers can also take advantage of investment incentives from the Bahamian government. One of the most popular incentives is a reciprocal agreement between China and The Bahamas that allows Chinese and Bahamian passport holders to travel between the two countries without requiring a visa. Additionally, The Hotel Encouragement Act is making ownership more accessible for buyers. The majority of our owners are capitalizing on this opportunity to purchase at Baha Mar.

What are the target markets for your residential sales teams?

The Residences at Baha Mar are marketed by two exclusive sales teams – IMI Living and Douglas Elliman. The teams

are working together to maximize exposure in our core markets including New York/Northeast United States, Florida, California, Canada, Latin America, China and parts of Europe. By accessing two teams with years of expertise selling second homes in the Caribbean, Baha Mar is able to generate more traffic and sales leads. The majority of sales to date have been generated from The Bahamas and international markets including Canada, Latin America, China, and Europe. Our success in these markets is also a result of the strong relationships that we have with internationally based wealth managers, particularly those based in Latin America, Canada and The Bahamas. Sales have been generated from these wealth managers because of the anticipated return on investment.

What has been the response from the local market?

The response from the local market has been overwhelmingly positive. We are embracing real estate agents in Nassau and educating them about Baha Mar by engaging with brokers and their entire sales teams. We hold brokerage meetings at the Baha Mar Preview Gallery, located within the golf clubhouse, overlooking the beautiful Jack Nicklaus Signature Golf Course and providing a great view of the Baha Mar site. As a result of building these relationships, Bahamians and international clients have purchased a number of residences through local real estate brokers with nearly a third of our sales generated through these agents. Bahamians are investing in Baha Mar. They believe in the vision of Baha Mar, and more importantly, they can see how we are transforming the tourism industry and the country. Essentially, Bahamians are investing because they believe that it presents a great opportunity for investment.

How do the residences differ across the respective resort properties at Baha Mar?

Baha Mar features dynamic global brands, providing a choice of lifestyle options to suit any owner's preferences. Grand Hyatt, Rosewood and SLS LUX each offer residents a different perspective on living in The Bahamas and a unique experience at Baha Mar. Rosewood Residences® at Baha Mar will have an authentic essence of The Bahamas that will be put on lavish display with architectural and design elements evoking the area's past and promising future. Rosewood Residences® at Baha Mar includes 92 one, two

and three-bedroom residences, including five four-bedroom, stand-alone beach villas. Priced from USD $1.4 million, the residences range from just over 900 square feet to over 6,000 square feet. Residences feature spacious living areas, featuring terraces with unmatched views of the ocean.

Thoughtful design details include eco-friendly bamboo flooring throughout, designer kitchens with stainless steel appliances and islands with seating, custom stone carved vanity and sinks, as well as luxurious freestanding soaking tubs and showers in the bathrooms, and a full-size washer and dryer. Rosewood at Baha Mar residence owners will also enjoy exclusive access to the private lounge and pool areas and the intimate Sense® spa as well as the Rose Buds kids program. Grand Hyatt at Baha Mar continues a long tradition of residences focused on sophistication, style and service.There are 85 one, two and three-bedroom residences at the Grand Hyatt at Baha Mar. All of the residences are equipped with private terraces and appointed in the signature Grand Hyatt style – calming and sophisticated contemporary décor in an earthy palette. Residences feature kitchens with custom white lacquered and wood base cabinets, baths with decorated tile walls and bleached walnut vanities. Residences range from over 800 square feet to nearly 2,500 square feet and are priced from USD $1.1 million.

Owners at Grand Hyatt at Baha Mar can enjoy the magnificent pools, close proximity to the casino and explore the full range of dining and shopping experiences around the development.

Lastly, SLS LUX at Baha Mar, a luxury lifestyle hotel, brings their distinctive service, style, and sophistication to the residences along with a spark of creativity and fun.

Every space is infused with the signature SLS LUX elements that are the ultimate expression of eclectic, along with sleek styling and stunning design. SLS LUX residences are fully furnished in a light and airy island-style with unexpected pops of color and feature kitchens with solid white countertops and stainless steel appliances. Bathrooms include built-in illuminated mirror vanities and white porcelain tile in the bathrooms. There are 107 distinctive one, two and three-bedroom residences,ranging from over 800 square feet to nearly 3,000 square feet. Prices start at USD$1.2 million. SLS LUX at Baha Mar owners will also enjoy private pool and lounge areas including a rooftop bar & terrace.

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THE BAHAMAS

Unique Client Experience

"Due to its idyllic location and beautiful climate, consecutive governments have branded The Bahamas as an ideal financial jurisdiction, based on the quality of its services and the quantity of product offerings."

Take a minute to really absorb that fact that The Bahamas is considered by many to be one of the most beautiful island destinations on planet earth. An archipelago of 700 islands stretched along the crystal clear waters of the Atlantic Ocean, between Florida and Hispaniola, it is a well-known fact that The Bahamas is one of the most attractive financial centres in the region and, possibly, in the world. Undoubtedly, the uniqueness of these truths advantageously markets The Bahamas' financial services industry as one that remains focused on offering flexible and tailored wealth and asset management services. Hence, it is not unimaginable that mixing business with beauty has and continues to attract favourable investors, both HNWIs and legal entities, who genuinely believe The Bahamas to be the preferred destination for both work and play. Positioned to receive an influx of capital, the fact is The Bahamas is in an opportune position to attract lucrative investments and provide optimal financial solutions.

The Bahamian Advantage: Service is King

In a world where the ever increasing pressure from international regulatory bodies, local legislation and volatile markets are constant reminders that change is always on the horizon, there must be a sense of consistency in the foundation that shapes the industry's success. For The Bahamas, this success lies in its DNA: An economy whose beginnings are deeply rooted in service oriented undertakings. Due to its idyllic location and beautiful climate, consecutive governments have branded The Bahamas as an ideal financial jurisdiction, based on the quality of its services and the quantity of product offerings. This service-oriented mind-set is an idiosyncrasy that is built into every facet of Bahamian life including its legal framework, tourism and financial services, and, importantly, culture. For many HNWIs, who are accustomed to the finest experiences, the Bahamian gold standard of service augments the already diverse line-up of products available for investment purposes.

Thinking Globally, Acting Locally: Legal

Although the financial services industry has developed into a mature and established one in an arguably short amount of time (as compared to older offshore jurisdictions), The Bahamas has managed to maintain its competitive advantage by offering innovative products such as International Business Companies (IBCs), Trusts, Foundations, Family Offices, Fiduciary Services, SMART Funds and, most recently, the ICON, and has captured this audience through the sheer number and range of its product offerings. Being able to choose investment vehicles that best suit their goals and objectives is highly desired by most HNWIs. Further, the legal framework through which these vehicles have been created, has allowed financial institutions the opportunity to pool resources to provide flexible, cost-effective solutions for their clients.

It should be clear by now that the unspoken motto of The Bahamas' financial services industry is "Thinking Globally, Acting Locally". With a land size comparable to that of Connecticut and a population of more than 340,000 persons, this small island nation has adopted a global approach to the governance and execution of its services and products. Juxtaposing the perspectives of local and global has always been natural for The Bahamas. Significantly smaller than other developed nations in size, population and infrastructure, The Bahamas has used innovation to rise above perceived challenges, attaining a competitive advantage far ahead of its rivals. Whether in tourism or in the financial services industry the motto "thinking globally and acting locally" has made The Bahamas an attractive place to invest and enjoy.

Tourism & Finance: Two industries merge

Along with the financial services industry is tourism, an industry pumping life into the Bahamian economy, marketing the true essence of the culture and raw beauty that The Bahamas has to offer. Whether it be enjoying the sequestered powdered beaches at the upscale residential resort "Albany", hitting birdies and hole-in-ones at the Tom Weiskopf designed golf course at the world famous "One & Only" Resort, living it up at the newly-built, luxurious, mega "Baha Mar" Resort, or snorkelling over tropical coral reefs in the out islands, The Bahamas can offer a unique experience to all who come to dance to the beat of Junkanoo rhythms, taste the fusion of the distinct palate of Afro-Caribbean & Western cuisine, and smell the scent of exotic plants, lush vegetation and swaying coconut trees.

The Future of Financial Services & Banking in The Bahamas

When clients do business in The Bahamas, they expect two key factors to be ever present: opportunity for growth and personal (customized) service. With the majority of its past business from Europe, the industry has expanded its target market to include Latin American countries where growth in population and wealth is substantially on the rise, particularly among HNWIs.

According to the pre-release of the United Nations World Economic Situation and Prospects 2014, many Latin American countries, "have increased outward capital flows, mostly in the form of portfolio investments, reflecting the need by companies, banks, and pension funds in Latin America to internationally diversity their assets." This need for Latin America to diversify its funds in order to hedge against local, regional, and global economic volatility has inevitably led The Bahamas to broaden its product market to better fit their clients needs. With the expansion of this market, the financial services industry has increased its efforts to ensure that personalized service is not compromised, but ultimately strengthened.

Lauren Russell

Lauren Russell is currently a third year undergraduate student at The College of The Bahamas enrolled in the College of Business' Banking & Finance program. Having interned at Colina Financial Advisors (CFAL) and Andbank (Bahamas) Ltd, Ms. Russell's drive to seek meaning internships that advantageously enhance her college studies, has allowed her to develop a keen interest in the areas of private wealth management. Already well travelled for her age, Ms. Russell's experiences abroad has further solidified her belief that The Bahamas has and will continue to hold a competitive advantage in Tourism and in the Financial Services sectors. With her unwavering passion for The Bahamas and The Financial Services industry, she seeks to further these two sectors in her future private wealth management endeavours. In her free time, she also enjoys watching documentaries, exploring new cultures through travel & food, and dancing.

In addition, private banks, like Andbank, are increasingly focusing on The Bahamas to properly service the many HNWIs who have made this archipelago their home by offering bespoke financial and concierge-related services that are typically required by those that reside or have second homes here.

Conclusion

There are not many countries in the world that can boast of having economic and political stability, and at the same time, be well known for possessing a unique culture and natural beauty. It is all of these factors that indisputably position The Bahamas as a sound jurisdiction that can easily attract and provide the best possible solutions to a wide client base. As the second largest industry in The Bahamas, financial services has developed into an established and progressive system, with flexibility as the core value by which it is governed. It is this core value that allows both financial service providers and their clients to succeed in a thriving environment where opportunities abound. ::

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Bahamas International Film Festival

A Shining Light

Festival Founder and Executive Director Leslie Vanderpool recently announced the final program details for the 11th edition of the Bahamas International Film Festival (BIFF), which takes place December 4-9, 2014 in Nassau and December 10-14, in Harbour Island, Eleuthera. This year, the Festival will showcase 95 films from 30 different countries, including 48 features and 47 short films of which several are international premieres and all are Bahamian premieres. The four competition categories at BIFF are Spirit of Freedom: Narrative & Documentary; New Visions; and Short Film. Special sections include Caribbean Spotlight and World Cinema as well as Special Screenings.

Executive Director Vanderpool also noted recently that the festival is proud to announce the return of the Filmmaker's Residency Program. For the tenth year BIFF has broadened the program to include filmmakers from around the world to submit screenplays that are based in The Bahamas or Caribbean region. The Filmmakers' Residency Program nurtures screenwriters by providing them with an unrivaled opportunity to spend a week with accomplished professionals who make a living working in the industry from Los Angeles, Europe and New York. This year's program will be held in Harbour Island, Eleuthera, on December 10 - 14, 2014

Mission

Launched in 2004, the Bahamas International Film Festival (BIFF) is a nonprofit organization committed to providing the local community and international festival goers with a diverse presentation of films from the Bahamas and around the world. In addition to showcasing films that might not otherwise be released theatrically, BIFF provides unique cultural experiences, educational programs, and forums for exploring the past, present and future of cinema.

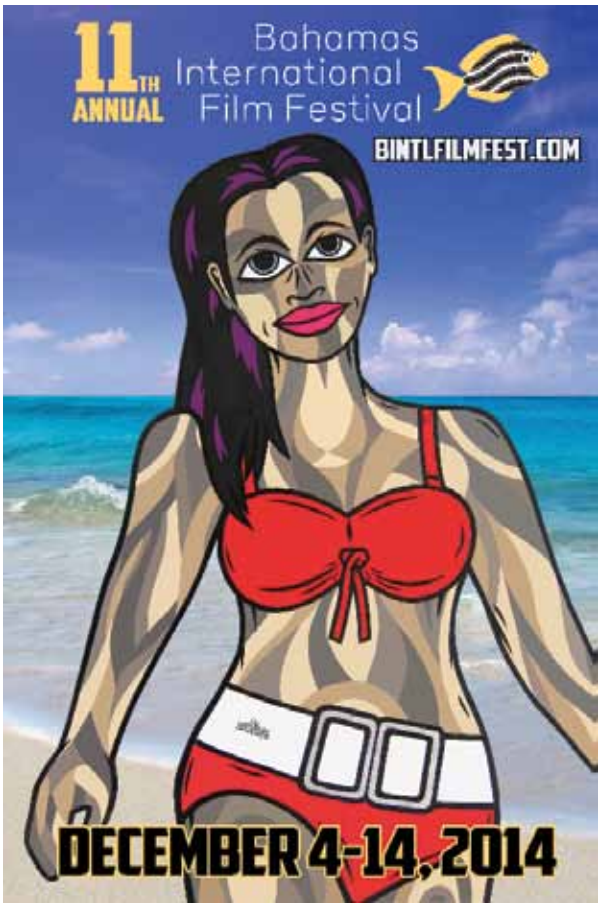
Its mission is dedicated to creating a cine-literate arts community, bridging cultures, gaining knowledge, and the Festival has showcased more than 600 films from countries around the world exposing The Bahamas to an international audience of filmmakers. It has attracted A-List celebrities such as Danny Glover, Heather Graham, Johnny Depp, Alan Arkin, Sir Sean Connery, Nicholas Cage, Laurence Fishburne, Roger Corman, Daryl Hannah, Sophie Okonedo, Anna Faris, Naomie Harris, Zoe Kravitz and Sydney Tamiia Poitier. Additionally, BIFF has succeeded in promoting The Bahamas as a tourist destination and potential cinema production venue through its annual events. Prestigious publications featuring the Festival include Variety Magazine, Hollywood Report and Moving Pictures Magazine, Premier Magazine, all published in Los Angeles. Publications that featured the Festival are: New York Times, Financial Times, Travel & Leisure, Screen International, Entertainment Tonight, Hello Magazine and London Times.

Jeffrey Lyons, one of Hollywood's best-known film critics and author of "The Stories My Father Told Me" has high praise

for BIFF. He says, "The Bahamas International Film Festival is a shining light among a large field of film festivals; it has an astonishing intimacy about it. Young filmmakers, many of them talented Bahamians, get to rub shoulders with movie stars and established filmmakers; contacts they might otherwise not have. It is a celebration of international artistic achievement in one of the most beautiful places on earth, and a vital part of The Bahamas' standing as a creative Mecca for all."

More About BIFF

BIFF aims to raise the level of filmmaking, participation and education throughout the Bahamas and the world. For more information on BIFF or the upcoming 2014 Festival Calendar visit www.bintlfilmfest.com or call 242-698-1800. BIFF's success depends on donations from the local and international community. Such support enables BIFF to continue its mission of providing the local Bahamian community and international visitors with a diverse presentation of films from around the world. Contributions not only help grow the Festival each year, but enable BIFF to develop and host educational programs, forums and film screenings throughout the year. For information on lending support and/or becoming member of the Bahamas International Film Festival contact the Bahamas International Film Festival at leslie@bintlfilmfest.com.



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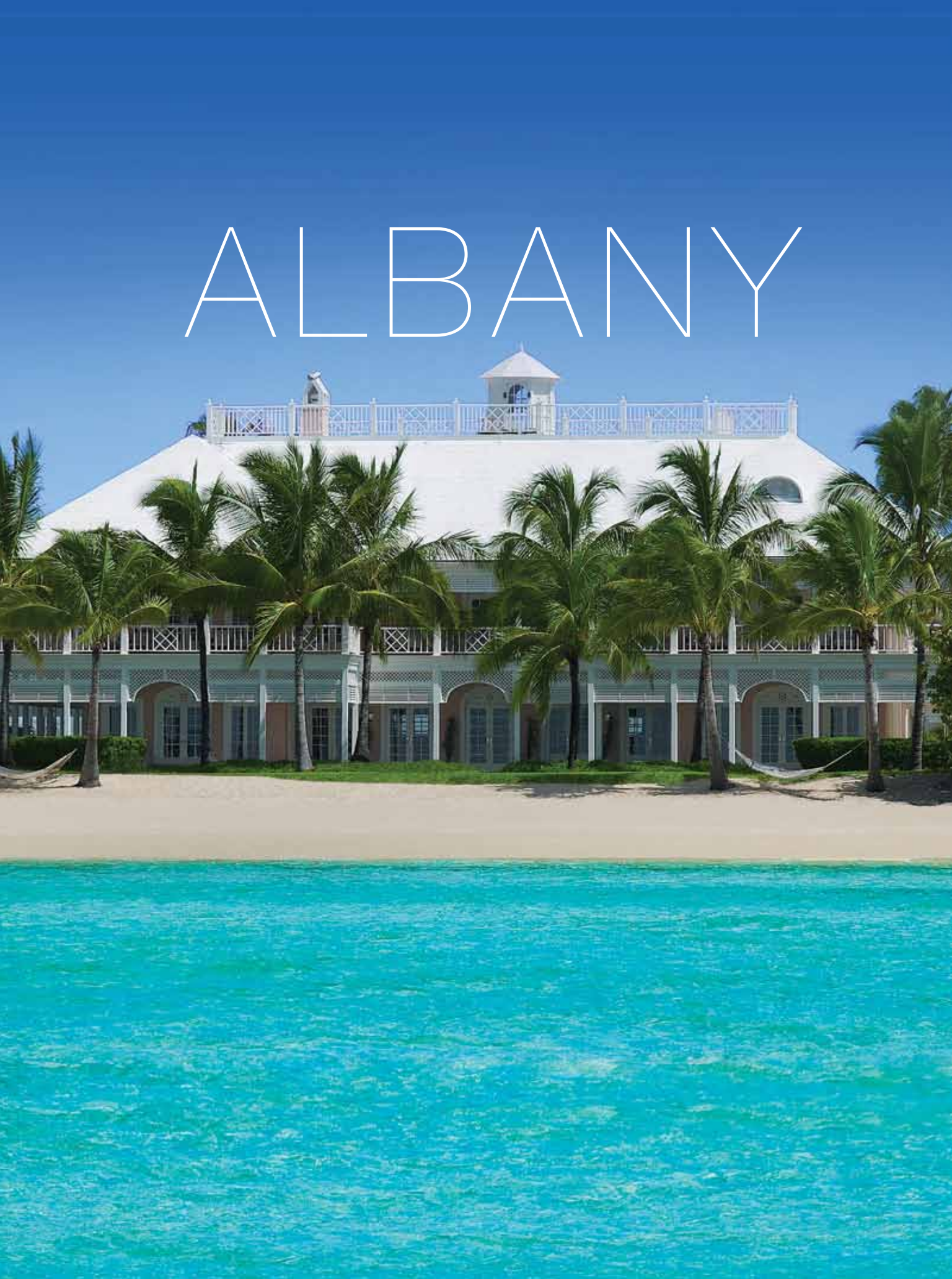

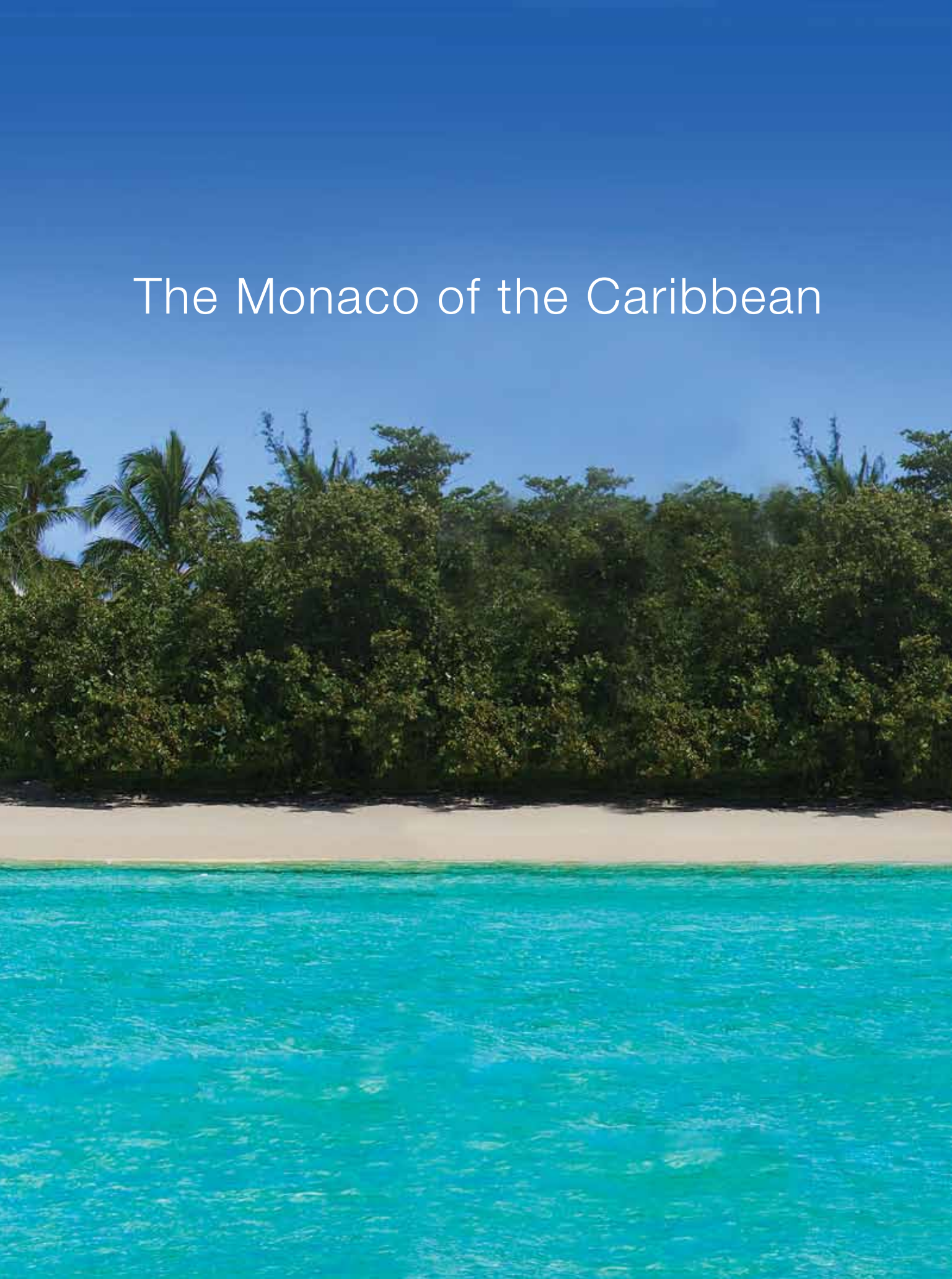
The Monaco of the Caribbean

Nestled on 600 oceanfront acres on southwestern New Providence Island in The Bahamas is a luxury resort community transforming the Caribbean. Jointly owned by Tavistock Group, Tiger Woods and Ernie Els, Albany opened in 2010, and in less than five years, has attracted more than half a billion dollars in sales and related construction activity with buyers coming from twenty different countries - from those seeking the ultimate luxury travel destination and home.

"We have enjoyed unprecedented sales success because of our family-friendly amenity offerings, accessible location within The Bahamas and our conservative financial structure, all of which have made Albany even more compelling," said Albany Managing Partner Christopher Anand.

Located just minutes away from Nassau's international and private airports, Albany combines natural beauty with an array of elegant amenities suited to families, businesspeople and couples alike. Albany's Ernie Els-designed championship golf course challenges every level of player. A 71-slip mega-yacht marina, designed to rival the world's greatest resort ports, accommodates luxury vessels up to 300 feet in length. Coupled with a luxurious spa and salon, renowned fitness center, golf clubhouse, boxing ring, racquet center, movie theatre, equestrian program, water sports and island excursions, children's programming, fine dining options, and a soon-to-open Financial Center, Sports Academy, Music Studio, Medical Center and hospital, and Integrated Health & Wellness Center – Albany goes beyond the typical Bahamian getaway.

Master-planned by Andrés Duany, Albany was named after its iconic centerpiece, a historic pink beachside mansion Albany House originally owned by French filmmaker and Inspector Gadget creator Jean Chalopin. Albany House made history as the site of two movies, most notably the James Bond film Casino Royale. Beyond the big screen and since its inception, the luxury resort community expanded rapidly.

With nearly 100 completed residences in less than five years, Albany will eventually contain approximately 350 residences, ranging from villas, beachfront estates, beach walk and golf course custom residences, to equestrian ranchettes, and Marina Residences encircling the mega-yacht marina.

Albany's Marina Residences are establishing new standards for architecture in the Caribbean with the help of renowned architects: BIG - Bjarke Ingels Group, Morris Adjmi, the late Charles Gwathmey, Robert Siegel, Scott Merrill, HKS Architects and Geoffrey Mouen.

"Albany opened in 2010, and in less than five years, has attracted more than half a billion dollars in sales and related construction activity with buyers coming from twenty different countries from those seeking the ultimate luxury travel destination and home"

"With conference rooms, a reception area and European-style cafe, Albany Financial Center's ground floor and northern half of the building will also include a selection of luxury retailers, "

While many of Albany's residences are part of the community's boutique hotel program, Anand says Albany also appeals to those interested in making The Bahamas their full-time home. Prime real estate, from custom homes with golf course views, to beachfront estates with uninterrupted ocean vistas provide an alternative to western urban life.

Anand notes that The Bahamas' favorable tax laws have helped Albany cultivate a truly cosmopolitan clientele. "We're building the next Monaco in the Caribbean," he said.

With an eye toward creating the ultimate live-work-play environment, Albany is also developing the Albany Financial Center. Once complete, it will house retail and commercial space ranging from 500 sq. ft. to 4,000 sq. ft., offering Marina-view, turnkey offices adjacent to Albany's coveted Marina Residences, luxury apartment buildings with wraparound balconies and incredible water views. The Financial Center will also offer high-tech fiber optics to leverage Albany's first-class infrastructure for a selection of private banks, legal firms, insurance companies, accountants, trust companies and family offices that will function as service providers to Albany members, guests and residents.

With conference rooms, a reception area and European-style cafe, Albany Financial Center's ground floor and northern half of the building will also include a selection of luxury retailers, while floors two through seven will be exclusively dedicated to businesses and service providers.

As a complement to the Financial Center, Albany is also opening a 24-person state-of-the-art conference center this fall in the Marina building known as "Charles". Named the "Bull Pen" after Arturo Di Modica's famed "Wall Street Bull," this state-of-the-art center will feature the latest video conferencing technology from Crestron and Cisco, making this corporate meeting space suitable for business meetings and corporate events for companies that need global communication access.

Toward the northeastern end of the property, Albany is partnering to create a ten-acre Medical Center in an effort

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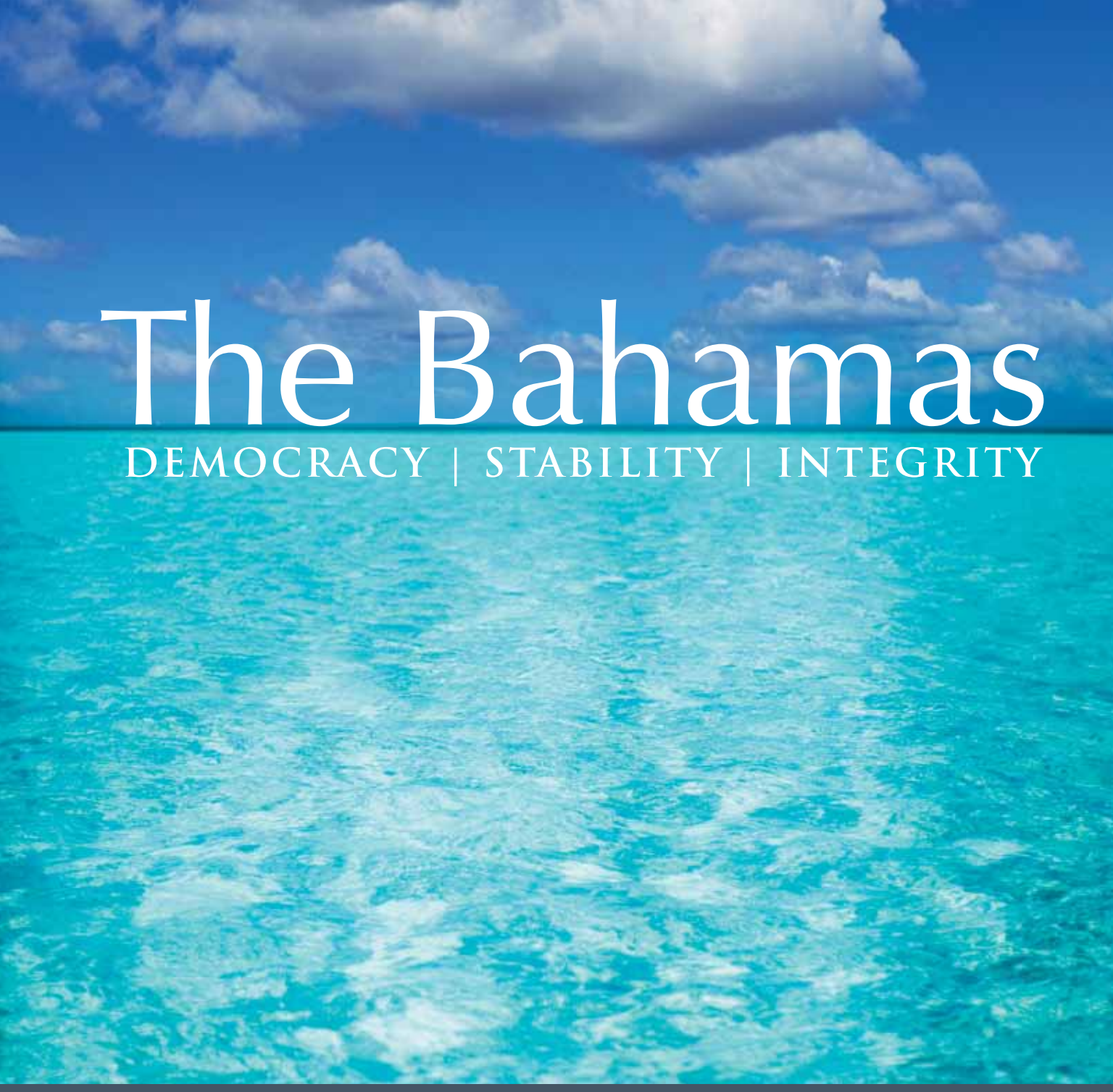
to round-out community offerings and offer guests and residents premier medical services in The Bahamas. Albany Medical Center will provide advanced surgical, medical, preventative and rehabilitative care via cutting-edge facilities and services. Treatments and specialty areas will include cosmetic and plastic surgery; a wellness and anti-aging clinic; sports medicine facility with physiotherapy, functional medicine, training and nutrition programs; and stem-cell research and advancement efforts. The center will also house a unique Medical Concierge program to promote rapid patient recovery.

Albany's existing Integrated Health & Wellness Center offers a cutting-edge approach to living a healthy lifestyle. Services include nutritional counseling, personalized training programs, and wellness camps tailored to individual health needs. Those who enroll in Albany's Integrated Health & Wellness program embark on a personalized, preventative and participatory path to wellness based on hormone balancing, digestion improvement, detoxification and metabolism enhancement, working with an expert practitioner to get the most out of their health.

Albany has certainly changed the quality of life in The Bahamas. Merging cosmopolitan glamour, rich island heritage and tropical free-spiritedness; Albany forges unforgettable experiences in every capacity and opportunity without borders.

"We are inviting people who have never lived in or had the opportunity of knowing The Bahamas, introducing them to this amazing place and the possibilities it holds," Anand says. "Albany is a wonderful opportunity to showcase what we love about The Bahamas, a better way of life, from home to the workplace and every stop in between."

For more information, visit albanybahamas.com. ::



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