

DOMESTIC DEVELOPMENTS

A roundup of important industry developments in the domestic financial services market

REGIONAL & INTERNATIONAL INITIATIVES

Regional and international initiatives and actions of relevance to industry stakeholders

UPCOMING MARKETING INITIATIVES

A roundup of planned marketing initiatives and features in industry publications

Message from the CEO



Dear Members,

We are pleased to bring to you our June edition of the BFSB Newsletter. The financial services sector has been impressively resilient in the face of events such as Hurricane Dorian, the various international initiatives, the COVID-19 pandemic and in midst of the continued and sometimes challenging evolution of the global industry. We commend our members in this regard. None

of these challenges have impeded the country's financial services industry from conducting business and delivering bespoke solutions to meet changing diverse client needs. Business continuity plans that are in place allowed business to continue during Hurricane Dorian last fall and now during the COVID19 pandemic.

The adaptability of The Bahamas as an IFC has also been evident in the Bahamas's response to the various international initiatives that we continue to face. BFSB is consistently engaged in dialogue with the various Competent Authorities to ensure that members are clear as to what their obligations are. To this end, we welcome your feedback with respect to any challenges that you may encounter in meeting these obligations in order that we may bring it to the attention of the relevant parties. We continue to collaborate with policymakers to ensure adherence with the highest standards of compliance with every internationally agreed standard of conduct to avoid any adverse listings which has implications for our risk profile and reputation as an IFC.

In keeping with our commitment to be a resilient jurisdiction, over the past month BFSB has continued to execute on our marketing plan with placements in key international publications, primarily utilizing digital modes. Both members and policy makers have been involved in delivering the message that The Bahamas remains open for business, even in the face of a global pandemic.

Member engagement has been a priority during this time as we seek to ensure that firms are able to meet their client needs. Last month, BFSB issued a survey to obtain recommendations from industry with respect to strategies for the way forward for the sector in the context of the national economic recovery efforts. Thank you to all of you who took the time to respond. In addition, BFSB in collaboration with AIBT has also been working to obtain clarifications as to the impact of the Emergency Orders on the operations of member firms to ensure minimal disruption to the delivery of services to clients in this regard we have seen the extension of operating hours, inclusion of more firms in the exempt undertaking category as well as clarifications with respect to renewal and licensing obligations.

BFSB is committed to executing on our mandate of advocacy and creating a greater awareness of The Bahamas as a responsible international financial centre. Should you require any assistance do not hesitate to contact BFSB at (242) 393-7001 or via email at info@bfsb-bahamas.com. We value your continued support and also wish to remind you to that membership fees are now due and may be settled via the website by accessing: <https://www.bfsb-bahamas.com/membershipfees/>. We remain available to assist you.

- Tanya McCartney
CEO & Executive Director

DOMESTIC DEVELOPMENTS

ECONOMIC RECOVERY COMMITTEE BEGINS SEVEN-WEEK PUBLIC ENGAGEMENT PERIOD

The Economic Recovery Committee (ERC) is now at the start of a seven-week public engagement period, when they will garner sector-specific recommendations and input for rebuilding and sustainability of the country's economy in the wake of the COVID-19 pandemic. The ERC has created subcommittees that focus on ten key sectors through which it will attempt to "deliver a position statement to the government on the current state of the economy, inclusive of immediate fixes and mitigation initiatives".

Those subcommittee sectors are structural reform; financial services; digitization and the conceptual economy; tourism and the orange economy; healthcare and social capital; commerce, entrepreneurship and next generation engagement; agriculture, fisheries and manufacturing; family island development; energy and environmental stewardship; labor and education. The ERC is tasked with putting together recommendations that will represent a bold vision for a modern Bahamian economy – that is stronger, resilient, diversified, future-driven and fully integrated. Read more [here](#).

DOMESTIC DEVELOPMENTS

Continued



CENTRAL BANK OF THE BAHAMAS: SUSPENSION OF FOREIGN CURRENCY PURCHASES THROUGH THE INVESTMENT CURRENCY MARKET AND BAHAMAS DEPOSITORY RECEIPT PROGRAMME

The Central Bank of The Bahamas announced that they will suspend approvals of applications to purchase foreign currency for transactions via the Investment Currency Market (ICM) and The Bahamas Depository Receipt (“BDR”) programme, with immediate effect, in a press release issued on 4th May 2020. Foreign exchange access through these channels will resume, once market uncertainties and the COVID-19 pandemic subside. In the interim, the public is encouraged to make increased use of the domestic investment opportunities.

Further to the suspension, all approvals granted under both programs prior to 1st May 2020, will expire as of 30th June 2020. Meanwhile, the ICM will continue to facilitate the repatriation of foreign currency income,

capital gains and liquidated capital – at the appropriate premium.

The Bank is focused on maintaining adequate foreign reserves to support the Bahamian dollar fixed exchange rate while preserving access to foreign exchange for priority international transactions. Priorities include spending on imports, maintenance of external debt obligations of the public and private sectors, and servicing obligations against foreign direct investments.

The Bank will continue to monitor the international environment and adopt other measures, as necessary, to satisfy these objectives. Read more [here](#).



MINISTRY OF FINANCIAL SERVICES, TRADE & INDUSTRY AND IMMIGRATION’S VIRTUAL SYMPOSIUM

The Ministry of Financial Services, Trade & Industry and Immigration hosted a successful and engaging virtual symposium on 20th May 2020 under the theme: “An Opportunity for Advancement, Innovation and Creativity”. The purpose of this symposium was to inform industry stakeholders of the Ministry’s initiatives to address the COVID-19 crisis and to engage discussions on the way forward for the financial services sector, inclusive of trade and industry and immigration.

The following were key points highlighted during the symposium:

Continued on page 3

UPDATE ON ACCESS TO GOVERNMENT SERVICES

- The Public Treasury - normal working hours (9am-5pm) resumed effective Tuesday June 2nd, 2020. (Telephone: 302-0544 – New Providence and 252-2351 – Grand Bahama).

BFSB UPCOMING MARKETING INITIATIVES/PUBLICATION DATES

JUNE 2020:

Global Funds Media
Bespoke Bahamas Spotlight Report

STEP Journal
Advertorial

IFC Review
Bahamas Jurisdiction Update

International Investment
e-Zine

JULY 2020:

Opalesque Bahamas Roundtable

SEPTEMBER 2020:

Wealth Briefing Bahamas Report

VIRTUAL SYMPOSIUM Continued from 2

The Government is Committed to Supporting the Financial Services Industry

Prime Minister, The Hon. Hubert A. Minnis, in his opening remarks highlighted the importance of the financial services sector to the continued growth of the economy of The Bahamas and spoke of the Government's commitment to supporting the industry in weathering this pandemic. He expressed that "many of the bureaucratic roadblocks to the ease of doing business must be bulldozed! We must streamline the process for domestic and foreign investment in a broader range of industries." One of the ten subcommittees of the ERC is financial services. This subcommittee has been asked to recommend a policy agenda to reposition the financial services sector for sustainability and growth. As the financial services industry evolves, the Government will work to help the sector in its ongoing evolution. This includes continuing improvements in the ease of doing business; prioritizing a responsive legislative and regulatory agenda; and protecting the reputation of this jurisdiction, even as we are faced with various current challenges.

Minister of Financial Services, Trade & Industry and Immigration Legislative and Regulatory Agenda

Industry stakeholders can expect increased and more strategic consultation in the coming months. The Ministry will continue to work closely with the Bahamas Financial Services Board in both their efforts to represent the domestic industry abroad and to promote The Bahamas as a niche provider in global financial services.

The Ministry has filled the vital positions of Director and Deputy Director to ensure that they have the internal capacity to support the industry, and its commitment to an aggressive legislative and regulatory agenda. The Hon. Elsworth Johnson in his remarks expressed that the Ministry will move quickly on new amendments, including the removal of the requirements for the use of seals, and on clarifying the rule against perpetuity and who can benefit from the use of foundations. The Ministry has begun making substantive progress on tax residency certificate legislation, working closely with the Law Reform Commission.

The Newly established Compliance Unit at OAG

The Office of the Attorney-General has created a new Compliance Unit, headed by Miss Tiffany Moss, a very experienced Attorney who has for a number of years participated in all FATF related matters, and who has served as a CFATF Assessor in a recent mutual evaluation exercise. This Unit is entirely dedicated to the full implementation of the Beneficial Ownership Search System (called "the BOSS") and also implementation of the Register of Non-Profit Organizations Act.

In short order the new Unit will also commence onsite visits and to take all necessary steps to be sure that all NPOs do in fact maintain financial records, which are accessible by law enforcement, should the need arise. It is anticipated that in the coming months that Unit will be able to complete a thorough and informed Risk Assessment of the NPO sector, which assessment will be added to the National Risk Assessment. Full remarks can be viewed [here](#).



BAHAMAS IS OPEN FOR BUSINESS AND POISED TO DELIVER HIGHEST STANDARDS OF SERVICE

BFSB is in the process of finalizing an e-Zine with International Investment that will be published shortly. Minister of Financial Services, Trade & Industry and Immigration, the Hon. Elsworth Johnson as a contributor to this BFSB initiative is sending the message to customers and international partners, that The Bahamas is ready and able to conduct business. The Minister expressed the country's position to the European market on Monday, May 25, 2020, during an interview via Zoom with Gary Robinson, Commercial Director of Incisive Media's International Investment publication based in London.

When asked what message the Government of The Bahamas wished to convey to the international community about the country's financial services at this time, Minister Johnson said that The Bahamas is 'open' for business and poised to deliver service of the highest standard. "Our financial institutions have transitioned well to remote delivery of services," said Minister Johnson.

He also expressed the government's commitment to maintaining the integrity of the financial services sector and to ensuring full transparency with international obligations while balancing the need for safety and confidentiality to clients. Click [here](#) to view the full interview.

MINISTRY OF FINANCE REFUTES DOLLAR DEVALUATION CLAIM: FAKE NEWS

In a press release issued by the Ministry of Finance on 25th May 2020, it was stressed that the reports of the Government "running out of money" are false. Further, the Bahamian dollar is not facing devaluation threat. The country's foreign reserves are managed by the capable hands of the Bahamian professionals at the Central Bank of the Bahamas. The Central Bank has an exemplary record that should instill confidence in every Bahamian. Since the COVID-19 crisis, the Central Bank has taken several preemptive steps to shore up our reserves, and they will continue to take necessary action as needed. The Government will continue to take the necessary steps to stabilize the economy and support the Central Bank in its mandate to preserve the integrity of the Bahamian dollar. Read more [here](#).

DOMESTIC DEVELOPMENTS Concluded**REGISTRAR GENERAL'S DEPARTMENT NOTICE ON THE NON-PROFIT ORGANISATIONS ACT, 2019**

The Registrar General's Department issued a Notice on 25th May 2020 with respect to the registration of a Non-Profit Organization (NPO). As mandated by section 7 of the Non-Profit Organisations Act, 2019, an NPO will not be able to carry operations unless it is registered under the Act. Applications for registration can be downloaded from the Attorney-General's [website](#) or the Registrar General Department's [website](#). Completed forms along with supporting documents should be submitted to the following email address: nporganisations@bahamas.gov.bs. Registration forms must be completed in full.

The Registrar of Non-Profit Organisations accepts no responsibility for any information that is inaccurate or incomplete.

When submitting the completed registration form for an unincorporated and incorporated Non-Profit Organization, the following must be attached to, or fully disclosed in the registration form:

- Declaration of purposes of the NPO;
- Proof of the identity of the controller and other members of the NPO;
- Copies of particulars of the organizational documents; and
- Evidence of the board structure.

Click [here](#) for more details on the notice.

ATTORNEY GENERAL RESPONDS TO HACK OF REGISTRAR GENERAL'S DATA BASE

During the month of January 2020, criminal elements associated with a group called "Distributed Denial of Secrets" unlawfully hacked into the AS400 Server housing the

Registrar-General's filings information - which is thereafter transferred to the e-Services Business Registration system - and stole the information therein housed. The said information has recently been published and widely distributed. These acts are breaches of the Data Protection Act and the Penal Code. It should be specifically noted that the data, illicitly acquired, is required by Law to be maintained in the Companies Registry and is readily available to the public, upon payment of a search fee.

The Attorney General emphasized that "It is important to note that the secured and separate database storing beneficial ownership data (BOSS) required to be electronically filed, under the Register of Beneficial Ownership Act, was not affected by the hacking exercise; nor was the same in any way compromised." Click [here](#) for full press release.

Regional & International Initiatives

**GOVERNMENT'S RESPONSE: Q&A ON THE EU LISTING OF THE BAHAMAS**

On 13th May 2020, the Office of the Attorney General of The Bahamas issued a Q&A document outlining the stated criteria for the proposed inclusion of The Bahamas. The principal stated reason for the inclusion of The Bahamas on this recent list of high risk third countries was the inclusion of The Bahamas on the FATF list of jurisdictions with strategic AML deficiencies, known as the 'Grey List'. The FATF has acknowledged that The Bahamas has remediated the issues identified in its assessment of our anti-money laundering framework and had agreed to an onsite inspection as part of the formal process of exiting the 'Grey List'.

This onsite visit was scheduled for April 2020 but had to be postponed as a result of the COVID-19 pandemic. The Bahamas is engaged with EU officials at the highest diplomatic and political level to demonstrate the strength of The Bahamas' AML/CTF regime. The Bahamas will continue to liaise with the FATF to ensure the onsite inspection takes place as soon as possible with a view to The Bahamas being removed from the 'Grey List' prior to finalization of the EU AML blacklist in October 2020. For full details on the Q&A click [here](#).

CARICOM MINISTERS 'REJECT' EU BLACKLIST

CARICOM foreign ministers have rejected the arbitrary and unilateral imposition of blacklisting by the European Union on several CARICOM member states. The measure was viewed as detrimental to the economies of the affected states which are already in recession. They expressed concerns over the constant shifting of goalposts, the continued lack of prior consultation or notification and the unwillingness to take into account the efforts at compliance made by CARICOM member states. The Community called on the EU to take into consideration the disproportionate impact of the COVID-19 pandemic on the economic wellbeing of the small states of CARICOM in their policy-making. Read more [here](#).

ANTI-MONEY LAUNDERING CZAR WARNS 'EVERYONE IS DOING BADLY'

On 11th May, 2020 In an interview with the International Consortium of Investigative, David Lewis, executive secretary of the Paris-based Financial Action Task Force (FATF), said governments were failing to stop organized criminals and corrupt regimes from washing vast sums each year, and that although most countries now have dedicated laws and regulations to combat money laundering, they are rarely being used effectively, or to the extent that FATF would expect.

In the interview, Lewis added that he would sum up the results as "everyone is doing badly, but some are doing less badly than others." Lewis explained that some countries were only concerned with making sure they weren't placed on FATF's so-called "grey list" of low-scoring countries – a move likely to restrict a country's access to international financial markets. The goal is to garner global political support for anti-money laundering measures a good thing, in their own right, rather than just [measures necessary] to avoid a bad FATF evaluation report. Read more [here](#).