

**PROPERTY OF THE SECURITIES COMMISSION OF THE BAHAMAS**



**WHITE PAPER DETAILING THE PROPOSED FEES PURSUANT TO THE  
SECURITIES INDUSTRY ACT [2011]**

**OCTOBER 2011**

---

**ISSUED FOR PUBLIC CONSULTATION**

# PROPERTY OF THE SECURITIES COMMISSION OF THE BAHAMAS

## TABLE OF CONTENTS

I. INTRODUCTION .....	2
II. BACKGROUND.....	2
III. PROPOSED FEES UNDER THE SECURITIES INDUSTRY ACT, 2011.....	3
A. PROPOSED FEES FOR PERSONS REGISTERED UNDER PART V.....	6
B. PROPOSED FEES FOR PERSONS REGISTERED UNDER PART VI (FIRMS) ....	7
C. PROPOSED FEES FOR REGISTERED PERSONS REGISTERED UNDER PART VI (INDIVIDUALS) .....	8
D. PROPOSED FILING FEES UNDER PARTS X AND XVII .....	9
E. PROPOSED ADMINISTRATIVE FEES .....	10
F. PROPOSED LATE FEES (ANNUAL RENEWAL) .....	11
ANNEX I .....	12
ANNEX II .....	16

# PROPERTY OF THE SECURITIES COMMISSION OF THE BAHAMAS

## WHITE PAPER DETAILING THE PROPOSED FEES PURSUANT TO THE SECURITIES INDUSTRY ACT, 2011

### **I. INTRODUCTION**

The Securities Industry Act (the “SIA, 2011” or the Act) was passed in the House of Assembly on 18 April 2011, and was subsequently passed in the Senate. The new legislation requires a number of standards and rules to be formally developed in accordance with the requirements of the Act. This paper sets out the Commission’s fee proposals to be implemented on the promulgation of the SIA, 2011.

### **II. BACKGROUND**

The Commission is presently funded by fees paid by its licensees and registrants, as well as by annual government subvention. It is important to note that the fee structure for registrants and licensees under the Securities Industry Act, 1999 has not experienced an increase since 1999 when the Act was promulgated. Whilst the Commission is committed to running its affairs efficiently so as to keep the financial burden on regulated entities to a minimum, increases to the current fee framework are necessary to allow the Commission to enhance its supervisory regime to keep pace with changes in the domestic and global marketplace.

The Commission, in collaboration with the Caribbean Regional Technical Assistance Centre (CARTAC), engaged the services of a consultant to assist in the review of the fee structure. Some of the recommendations suggested have been reflected in the proposed fee schedule.

Factors considered in setting the new fee structure included:

- i. Comparable registration and licensing fees in benchmarked jurisdictions. Benchmarked jurisdictions included the Cayman Islands, British Virgin Islands, Singapore, Jamaica and Trinidad and Tobago; and
- ii. Assessment of resources and costs incurred by the Commission as part of the licensing/registering and monitoring processes.

# PROPERTY OF THE SECURITIES COMMISSION OF THE BAHAMAS

## III. PROPOSED FEES UNDER THE SECURITIES INDUSTRY ACT, 2011

Pursuant to Section 22(1) of the SIA, 2011, the Commission may, by rule, prescribe the fees payable to the Commission for any function performed by the Commission, or required under securities laws. The fees proposed will be levied on all market participants, registered firms and registered individuals and are based on the activity or range of activities of the registrant. Registration for firms and individuals will be based on the intended securities business activities of the person.

Fees will include application, initial registration and annual renewal fees and will be assessed under the following categories of registration under Parts V and VI of the Act:

- (i) Marketplaces;
- (ii) Clearing Facilities;
- (iii) Ancillary Facilities;
- (iv) Registered Firms<sup>1</sup>: -
  - a. Dealing in Securities;
  - b. Arranging Deals in Securities;
  - c. Managing Securities; and
  - d. Advising on Securities;

Firms, seeking registration under Part VI of the Act (registered firms), may register to perform any or all of the functions in the categories of registration. Where a firm has registered to perform more than one function an application fee will be charged for each category of registration. In addition, the firm will be assessed initial registration and annual fees at the full rate for the activity carrying the highest fee amount, with a lower, fixed amount charged for each additional category of service. An example of the application of this approach is found in Annex I.

- (v) Registered Representative:<sup>2</sup> -
  - a. Chief Executive Officer;

---

<sup>1</sup> Registered Firm means a person registered under Subsection 69 (1) of the Act to carry on securities business in The Bahamas - See Annex II

<sup>2</sup> Registered Representative means an individual who is registered under Subsection 69 (4) of the Act on behalf of a registered firm. Individuals will only be required to pay an application fee. Initial fees and annual fees will not be assessed.

## **PROPERTY OF THE SECURITIES COMMISSION OF THE BAHAMAS**

- b. Compliance Officer;
- c. Representative – Dealing / Trading;
- d. Representative – Discretionary Management; and
- e. Representative – Advising Only.

In addition, the following fee categories will also apply to persons registered under Parts V and VI of the Act:

- (i) Filing fees;
- (ii) Administrative fees; and
- (iii) Fees for the late payment of annual renewal fees.

### **APPLICATION FEES**

Application fees are charged to cover the cost of processing an application for registration. These fees are payable at the time the application is submitted for consideration.

### **INITIAL REGISTRATION FEES**

Initial registration fees are charged at the time an application is approved. These fees are payable in the first year only.

### **ANNUAL FEES**

Annual fees are charged to cover the cost of continual oversight over existing persons registered under Parts V and VI of the Act. In the case of newly approved persons under Parts V and VI of the Act, annual fees are also payable in the first year of registration but the amount due is pro-rated based on the approval date. The pro-rated fees for these persons will be calculated by dividing the total number of months remaining in the year (inclusive of the month the application is approved) by 12 and multiplied by the annual fee payable (see Annex II for an example). For existing persons, annual renewal fees become due and payable on 1 January of each year.

### **FILING FEES**

Filing fees are charged for regulatory filing of documents and information with the Commission for review or approval.

# PROPERTY OF THE SECURITIES COMMISSION OF THE BAHAMAS

## **ADMINISTRATIVE FEES**

Administrative fees are used to support the costs of additional work regularly undertaken in processing requests from the industry under the SIA, 2011. These fees are charged at the time a service is performed.

## **LATE FEES**

Late fees will be levied against all registrants who file required documents including financial reports after the prescribed date.

Notwithstanding the fee for late filing, the Commission may apply other regulatory or enforcement measures available to it when licensees/ registrants do not meet their regulatory obligations.

## **REFUNDS**

All fees payable under the SIA, 2011 will be non-refundable. Further to this, where a person ceases part or all of his regulated activities during the year, no refund of annual fees will be made.

**PROPERTY OF THE SECURITIES COMMISSION OF THE BAHAMAS**

**A. PROPOSED FEES FOR PERSONS REGISTERED UNDER PART V**

**Table of Proposed Fees for Persons Registered under Part V**

Category of Registration	FEE TYPE		
	Application Fee	Initial Registration Fee	Annual Renewal Fee
(a) Marketplace	\$7,000.00	\$20,000.00	\$10,000.00
(b) Clearing Facility	\$2,500.00	\$7,000.00	\$7,500.00
(c) Ancillary Facility	\$1,500.00	\$2,500.00	\$3,500.00

# PROPERTY OF THE SECURITIES COMMISSION OF THE BAHAMAS

## B. PROPOSED FEES FOR PERSONS REGISTERED UNDER PART VI (FIRMS)

Table of Proposed Fees for Persons registered under Part VI (Firms)

Category of Registration	FEE TYPE		
	Application Fee	Initial Registration Fee	Annual Renewal Fee
(a) Dealing in Securities	\$700.00	\$7,000.00	\$8,000.00
(b) Managing securities	\$700.00	\$6,000.00	\$7,000.00
(c) Advising on securities	\$700.00	\$4,000.00	\$5,000.00
(d) Arranging deals in securities	\$700.00	\$3,000.00	\$4,000.00
(e) Persons seeking to register for more than one category under (a)-(e) above	\$700.00 per category <sup>3</sup>	Full fee for primary function and \$2,000.00 for each additional category <sup>4</sup>	Full fee for primary function and \$3,000.00 for each additional category <sup>5</sup>

<sup>3</sup> Persons seeking to provide more than one regulated activity will be charged a fixed application fee of B\$ 700.00 for **each** category of service they intend to provide.

<sup>4</sup> The proposed initial registration fees are determined based on the activity of the firm. Firms seeking to provide more than one regulated activity will be charged the full rate for the primary service, with a lower, fixed amount of B\$ 2,000.00 charged for each additional category of service.

<sup>5</sup> The proposed annual renewal fees are determined based on the activity of the firm. Firms seeking to provide more than one regulated activity will be charged the full rate for the activity carrying the highest fee amount with a lower, fixed amount of B\$3,000.00.

## PROPERTY OF THE SECURITIES COMMISSION OF THE BAHAMAS

### C. PROPOSED FEES FOR PERSONS REGISTERED UNDER PART VI (INDIVIDUALS)

An application fee is required for Individuals to be registered with the Commission. No initial registration fees or annual renewal fees will be levied against individuals as these fees are incorporated into fees subsumed by the individual's employing firm.

**Table of Proposed Fees for Persons registered under Part VI (Individuals)**

Category of Registration	Application Fee
(a) Chief Executive Officer	\$250.00
(b) Compliance Officer	\$250.00
(c) Representative – Dealing/Trading	\$200.00
(d) Representative – Discretionary Management	\$200.00
(e) Representative – Advising Only	\$200.00

## PROPERTY OF THE SECURITIES COMMISSION OF THE BAHAMAS

### D. PROPOSED FILING FEES UNDER PARTS X AND XVII

Table of Proposed Filing Fees under Parts X and XVII

Description	Filing Fee
(a) Filing of a Preliminary Prospectus	\$1,000.00
(b) Filing – Final Prospectus	0.1% of issue value of securities Minimum of \$20,000.00
(c) Filing of an amended Final Prospectus	\$500.00
(d) Filing of Documents by approved foreign issuer exempted in Regulation 115	\$1,500.00
(e) Filing of Notice of Exempt Transaction	\$2,000.00
(f) Filing of Takeover Bid Document	0.1% of value of the bid
(g) Filing of Director's Circular	\$1,000.00
(h) Filing of Management Proxy Statement	\$500.00
(i) Filing of Interim Financial Statements	No Fee (if filed within prescribed time period)
(j) Filing of Audited Financial Statements	No Fee (if filed within prescribed time period)

**PROPERTY OF THE SECURITIES COMMISSION OF THE BAHAMAS**

**E. PROPOSED ADMINISTRATIVE FEES**

**Table of Proposed Administrative Fees under the SIA, 2011**

<b>Description</b>	<b>Administrative Fee</b>
(a) Appointment or Change in Directors	\$300.00
(b) Approval of issue, transfer or disposal of shares	\$300.00
(c) Letters of Good Standing	\$200.00
(d) Replacement Certificates (per certificate)	\$200.00
(e) Name Change (per certificate)	\$200.00
(f) Extension to file interim statements for a 3-month period (for a maximum of 2 extension requests)	\$100.00
(g) Extension to file audited statements for a 3-month period (for a maximum of 2 extension requests)	\$500.00
(h) Surrender of Registration Certificate	\$200.00

**PROPERTY OF THE SECURITIES COMMISSION OF THE BAHAMAS**

**F. PROPOSED LATE FEES (ANNUAL RENEWAL)**

**Table of Proposed Late Payment of Annual Renewal Fees under the SIA, 2011**

<b>Description</b>	<b>Late Fee</b>
(a) Late payment of annual renewal fees	1/12 of the amount of annual fee payable for each month the payment remains outstanding.

# PROPERTY OF THE SECURITIES COMMISSION OF THE BAHAMAS

## ANNEX I

### APPLICATION OF FEES UNDER THE SECURITIES INDUSTRY ACT, 2011

#### A. New Registrants

As stated in Section III, persons registered under Part VI of the Act will be levied fees under the SIA, 2011 based on the intended regulated activity (or activities) of the firm or individual. The following illustrations provide possible registration scenarios, and are a guide to how applicable fees will be charged.

#### Illustration 1 – Firm applying to provide one regulated activity

In an instance where a new firm intends to offer one regulated activity, for example, advising on securities, it is proposed that fees will be applied as follows:

Description of Fees	Fee
Application Fee	\$700.00
Initial Registration Fee	\$4,000.00
Annual Renewal Fee <sup>6</sup>	\$5,000.00
<b>GRAND TOTAL (for Advising on Securities only)</b>	<b>\$9,700.00</b>

#### Illustration 2 – Firms applying to provide multiple regulated activities

In an instance where a new firm intends to offer more than one regulated activity, for example, dealing in securities, arranging deals in securities, managing securities and advising on securities, it will be charged the fee for the primary activity, with lower, fixed amounts for each additional category of service (save for application fees, which are charged a flat fixed rate for each additional service). It is therefore proposed that fees will be applied as follows:

Description of Fees	Fee
<i>Application Fee</i>	
(a) Dealing in Securities	\$700.00
(b) Arranging Deals in Securities	\$700.00
(c) Managing Securities	\$700.00

## PROPERTY OF THE SECURITIES COMMISSION OF THE BAHAMAS

Description of Fees	Fee
(d) Advising on Securities	\$700.00
<b>TOTAL (Application Fee)</b>	<b>\$2,800.00</b>
<i>Initial Registration Fee</i>	
(a) Dealing in Securities	\$7,000.00
(b) Arranging Deals in Securities	\$2,000.00
(c) Managing Securities	\$2,000.00
(d) Advising on Securities	\$2,000.00
<b>TOTAL (Initial Registration Fee)</b>	<b>\$13,000.00</b>
<i>Annual Renewal Fee</i>	
(a) Dealing in Securities	\$8,000.00
(b) Arranging Deals in Securities	\$3,000.00
(c) Managing Securities	\$3,000.00
(d) Advising on Securities	\$3,000.00
<b>TOTAL (Annual Renewal Fees)<sup>6</sup></b>	<b>\$17,000.00</b>
<b>GRAND TOTAL (for Dealing in Securities, Arranging Deals in Securities, Managing Securities and Advising on Securities)</b>	<b>\$32,800.00</b>

<sup>6</sup> For newly approved registrants, annual renewal fees are pro-rated based on the month in which the firm is approved for registration.

# PROPERTY OF THE SECURITIES COMMISSION OF THE BAHAMAS

## B. Existing Registrants

### Illustration 1 – Existing firm providing one regulated activity

In an instance where an existing Securities Investment Advisor firm intends to offer one regulated activity, that is, advising on securities, the proposed annual renewal fees will be applied as follows:

Description of Fees	Fee
Annual Renewal Fee	\$5,000.00
<b>GRAND TOTAL (for Advising on Securities only)</b>	<b>\$5,000.00</b>

### Illustration 2 – Existing firm providing multiple regulated activities

In an instance where an existing Broker-Dealer Class I firm intends to offer more than one regulated activity, specifically: dealing in securities, arranging deals in securities, managing securities and advising on securities, it will be charged the primary annual renewal fee, with lower, fixed amounts for each additional category of service. It is therefore proposed that annual renewal fees will be applied as follows:

Description of Fees	Fee
<i>Annual Renewal Fee</i>	
(e) Dealing in Securities	\$8,000.00
(f) Arranging Deals in Securities	\$3,000.00
(g) Managing Securities	\$3,000.00
(h) Advising on Securities	\$3,000.00
<b>GRAND TOTAL (for Dealing in Securities, Arranging Deals in Securities, Managing Securities and Advising on Securities)</b>	<b>\$17,000.00</b>

## PROPERTY OF THE SECURITIES COMMISSION OF THE BAHAMAS

### C. Calculation of the Annual Fee For An Entity Approved After January (Pro rata Annual Fee)

#### Illustration 1 – Calculation of the Pro rata Annual Fee

In an instance where a new firm receives the approval to conduct a regulated activity after January in any year, the Annual fee applied would be pro-rated. For example, if a firm (illustrated in A.1) receives approval to advise on securities in March, the proposed annual fees will be applied as follows:

$$\frac{\text{Annual Fee}}{12} \times \text{remaining months in the year (inclusive)}$$

The Annual Fee for Advising on Securities = \$5000

The remaining months are March – December (inclusive) = 10 months

The calculation is as follows:

$$\text{\$ 5000.00 divided by 12} = 416.67 \times 10 \text{ (months)} = \text{\$4,166.67}$$

# PROPERTY OF THE SECURITIES COMMISSION OF THE BAHAMAS

## ANNEX II

The following are the definitions of the categories of registration under Part VI of the Act:

A. Pursuant to Part 2 of the SIA, 2011, **Dealing in Securities** provides for:

- (a) buying, selling, subscribing for or underwriting securities as an agent; or
- (b) buying, selling, subscribing for or underwriting securities as principal where the person entering into that transaction –
  - (i) holds himself out as willing, as principal, to buy, sell or subscribe for securities of the kind to which the transaction relates at prices determined by him generally and continuously rather than in respect of each particular transaction;
  - (ii) holds himself out as engaging in the business of underwriting securities of the kind to which the transaction relates; or
  - (iii) regularly solicits members of the public with the purpose of inducing them, as principals or agents, to buy, sell, subscribe for or underwrite securities and such transaction is entered into as a result of such person having solicited members of the public in that manner.

B. Pursuant to Part 2 of the SIA, 2011, **Arranging Deals in Securities** provides for:

Making arrangements with a view to –

- (a) another person (whether as a principal or an agent) buying, selling, subscribing for or underwriting securities; or
- (b) a person, who participates in the arrangements, buying, selling, subscribing for or underwriting securities.

C. Pursuant to Part 2 of the SIA, 2011, **Managing Securities** provides for managing securities belonging to another person in circumstances involving the exercise of discretion.

D. Pursuant to Part 2 of the SIA, 2011, **Advising on Securities** provides for:

Advising a person on securities if the advice is –

- (a) given to the person in his capacity as an investor or potential investor or in his capacity as agent for an investor or a potential investor; and
- (b) advice on the merits of his doing any of the following (whether as principal or agent)
  - 
  - (i) buying, selling, subscribing for or underwriting a particular security; or
  - (ii) exercising any right conferred by a security to buy, sell, subscribe for, or underwrite a security.