



SUPERVISORY AND REGULATORY PAPER: GUIDELINE ON THE MANAGEMENT OF ACCOUNTING RECORDS

**APPLICABLE LEGISLATION: FINANCIAL AND CORPORATE SERVICE PROVIDERS ACT, 2000
COMPANIES (AMENDMENT) ACT, 2013
INTERNATIONAL BUSINESS COMPANIES (AMENDMENT) ACT, 2011
SEGREGATED ACCOUNTS COMPANIES (AMENDMENT) ACT, 2011
EXEMPTED LIMITED PARTNERSHIP (AMENDMENT) ACT, 2011
INTERNATIONAL BUSINESS COMPANIES (ACCOUNTING RECORDS) ORDER, 2016**

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**GUIDELINE ON THE MANAGEMENT OF ACCOUNTING RECORDS BY PERSONS REGISTERED UNDER
THE FINANCIAL AND CORPORATE SERVICE PROVIDERS ACT, 2000**

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MANAGEMENT OF ACCOUNTING RECORDS

1. INTRODUCTION

The Securities Commission of The Bahamas (“the Commission”) administers the provisions of the Financial and Corporate Service Providers Act, 2000 (“FCSPA, 2000”) as the Inspector of Financial and Corporate Services in The Bahamas.

As the Inspector, the Commission has responsibility to (i) maintain general surveillance over financial and corporate service providers, who are subject to examination and assessment for compliance with the FCSPA 2000, the Financial Transactions Reporting Act, 2000, and other relevant legislation; (ii) monitor the conduct of participants in the market for compliance with supervisory requirements and ensure the orderly growth and development of the industry; and (iii) issue rules and guidelines with respect to the activities of financial and corporate service providers.

Consistent with international best practices, companies (including International Business Companies and Segregated Accounts Companies) and exempted limited partnerships existing under the relevant legislation have an obligation “to maintain reliable accounting records in relation to all sums of money received and expended” pursuant to the Companies (Amendment) Act, 2013¹, the International Business Companies (Amendment) Act, 2011², the Segregated Accounts Companies (Amendment) Act, 2011³ and the Exempted Limited Partnership (Amendment) Act, 2011⁴ (“the amended legislation”).

It is the responsibility of the Financial and Corporate Service Provider to attend to the implementation of obligations to maintain accounting records required under any relevant legislation –

- (a) with respect to their own business operations; and
- (b) with respect to any International Business Company (“IBC”) or Exempted Limited Partnership (“ELP”) where the financial and corporate service provider provides corporate or administrative services.

2. PURPOSE

These guidelines are to provide guidance to financial and corporate service providers (“licensees”) with respect to the obligation to (i) maintain accounting records on their own behalf; (ii) ensure accessibility to accounting records for IBCs and ELPs where they act as registered agent and registered office; (iii) maintain accounting records for IBCs, where they provide directors, or ELPs, where they provide the general partner; (iv) have on their files, a copy of the statutory declaration where they act as registered office for an IBC; and (v) file the statutory declaration with the Registrar General where they act as registered agent for an IBC.

¹ Section 117A.

² Section 67

³ Section 24

⁴ Section 12

3. APPLICABILITY

3.1.1 These Guidelines apply to –

- a. Licensees with respect to their own business operations;
- b. Licensees appointed as the registered agent and registered office of an IBC or ELP;
- c. Licensees appointed as a director of an IBC or general partner of an ELP.

3.1.2 With respect to their own business operations, licensees incorporated under the Companies Act are not required to keep accounting records or file declarations in cases where their annual business turnover does not exceed \$50,000.00⁵.

4. MANAGEMENT OF ACCOUNTING RECORDS

4.1 Licensees' duty to maintain accounting records on their own behalf

4.1.1 Except where exempted from the requirement to keep accounting records under section 117A of the Companies (Amendment) Act, 2013, licensees registered under the Companies Act must, with respect to their own business operations, maintain reliable accounting records or cause reliable accounting records to be kept in relation to all sums of money received and expended, inclusive of all sales, purchases and other transactions, and must document the reason for such receipt or expenditure.

4.1.2 The responsibility for keeping and maintaining accounting records lies fully with the Licensee who must implement policies, procedures and internal controls to ensure compliance with the obligation.

4.1.3 Accounting records –

- a. must be kept from the date of the transaction to which the record relates for no less than five years; and
- b. must be kept in a form which allows them to be accessible and retrievable.

4.2 Licensees' responsibilities with respect to IBCs and ELPs

4.2.1 Where a licensee is appointed as the registered agent or registered office of an international business company or an exempted limited partnership, such licensee must implement policies, procedures and internal controls to ensure that –

- (i) accounting records for the IBC or ELP are in the possession of the IBC or ELP, respectively, and are accessible to the registered agent;

⁵ Section 117A(4), Companies (Amendment) Act, 2013

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- (ii) the IBC submits the requisite statutory declaration to the registered office⁶;
- (iii) the statutory declaration states that the IBC's accounting records are available through its registered agent; and
- (iv) the statutory declaration of the IBC is submitted to the Registrar General, as required.

4.2.2 Where a licensee or its subsidiary is appointed as a director of an IBC or a general partner of an ELP, it is the licensee's responsibility to –

- (i) keep and maintain accounting records for the IBC or ELP, respectively; and
- (ii) ensure that the statutory declaration of the IBC is submitted to the registered office.

4.3 Nature and standard of accounting records

4.3.1 For the purpose of compliance, IBCs, ELPs and licensees, with respect to their own business operations, shall ensure that –

- a. accounting records are maintained in relation to all sums of money received and expended and indicate the reason for the receipt and expenditure, inclusive of all sales, purchases and other transactions;
- b. accounting records establish the authorisation of transactions relating to expenditure;
- c. accounting records are reliable, in that the records
 - i. explain all transactions by providing a record of the transaction along with an adequate summary of its details;
 - ii. enable the financial position of the licensee, the IBC or the ELP to be determined with reasonable accuracy;
 - iii. enable the preparation of financial statements, should they be desired or required, at any time; and
 - iv. include documentation underlying the transaction, such as, invoices, receipts, contracts, conveyances or any other documentation which supports the transaction;
- d. there is a written statement included with the accounting records that the records are prepared to the directors' or officers' best, knowledge, information and belief;
- e. the accounting records show the assets and liabilities of the licensee, IBC or ELP; and
- f. in the case of a Segregated Accounts Company, the accounting records must be maintained in relation to each segregated account as well as the general account of the company.

⁶ International Business Companies (Accounting Records) Order, 2016

4.4 Additional considerations for licensees

- 4.4.1 A licensee providing corporate or administrative services to an IBC or ELP –
- a. should include in any contract for service, or other agreement, a written statement advising the IBC or ELP of the requirement to maintain and keep accounting records; and
 - b. with respect to any new contract to provide corporate or administrative services, may request a copy of the IBC's statutory declaration for the previous year for the purpose of satisfying itself that the IBC is compliant with its filing requirements under the International Business Companies (Accounting Records) Order, 2016.
- 4.4.2 A licensee should resign any appointment or end any contract for services with an IBC or ELP, where the licensee has reason to believe that–
- a. the IBC or ELP is failing to comply with the requirement to keep and maintain accounting records;
 - b. the accounting records kept and maintained by the IBC or ELP do not meet the standards set out in legislation or these guidelines;
 - c. the IBC or ELP is unable to produce the accounting records or the accounting records are not available when requested by the licensee;
 - d. the IBC is unable to produce the statutory declaration or the statutory declaration produced is deficient and is not corrected after the IBC is notified of the deficiency; or
 - e. the statutory declaration produced by the IBC is false.
- 4.4.3 Where a licensee resigns an appointment or ends any contract for services with an IBC or ELP for any of the reasons set out in paragraph 4.4.2, the licensee should within five (5) days of such resignation or contract end, notify the Inspector in writing of its decision stating the reason for the resignation or contract end, and provide a copy of this notification to the Registrar-General.
- 4.4.4 For the purpose of clause 4.4.2(d), a declaration shall be deemed as deficient if it does not state that –
- i. reliable accounting records are being maintained by the IBC; and
 - ii. the accounting records are available to the IBC's registered agent.
- 4.4.5 Where an IBC was registered after 29th September 2016, a licensee appointed as the registered agent of that IBC, should obtain from the IBC evidence that its statutory declaration was submitted to the Registrar General within ninety (90) days of its registration⁷ and that the filing of the statutory declaration is current.

⁷ Section 2(3), International Business Companies (Accounting Records) Order, 2016

5. Implementation

As part of the implementation of these Guidelines, pursuant to Section 11(4) of the Financial and Corporate Service Providers Act, Ch.369, all licensees must submit to the Inspector the Compliance Declaration set out in the Appendix and this Compliance Declaration must be submitted within ninety (90) days of the issuance of these Guidelines and annually thereafter by 31st January.

**SECURITIES COMMISSION OF THE BAHAMAS,
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APPENDIX

(Clause 5)



**SECURITIES COMMISSION OF THE BAHAMAS
INSPECTOR OF FINANCIAL AND CORPORATE SERVICES**

3rd Floor, Charlotte House
Shirley & Charlotte Streets
P.O. Box N-8347
Nassau, Bahamas

Tel: (242) 397-4100
Fax: (242) 356-7530
E-mail: info@scb.gov.bs
Website: www.scb.gov.bs

**Financial and Corporate Services Providers Act 2000
Financial and Corporate Services Providers Regulations 2000**

DECLARATION OF COMPLIANCE WITH THE GUIDELINES FOR THE MANAGEMENT OF ACCOUNTING RECORDS

General Instructions: Please complete all relevant sections; where the allocated space is insufficient, you may continue on a separate page and attach to the completed form. All supporting information and attached pages should be appropriately numbered and then referenced in the form and the reference index attached. This form should be certified by the Chief Executive Officer or the next most Senior Officer within the Institution.

Completed applications should be submitted to:

The Market Surveillance Department
Securities Commission of The Bahamas
3rd Floor, Charlotte House
Shirley & Charlotte Streets
P.O. Box N-8347
Nassau, Bahamas

WARNING: Intentional misstatement or failure to disclose information may constitute an offence.

**SECURITIES COMMISSION OF THE BAHAMAS,
INSPECTOR OF FINANCIAL AND CORPORATE SERVICES**

1. Name of Institution	<i>State full legal name of the firm.</i>		
2. Nature of Business	<i>State the types of services provided.</i>		
	Corporate Services	<input type="checkbox"/>	
	Registered Offices/Agent Services	<input type="checkbox"/>	
	Directorship/Partnership Services	<input type="checkbox"/>	
	Company Formation Services	<input type="checkbox"/>	
	Management Services	<input type="checkbox"/>	
	Administration Services	<input type="checkbox"/>	
	Accounting Services	<input type="checkbox"/>	
	Financial Services	<input type="checkbox"/>	
3. Full Business Contact Details	<i>State the principal business address and provide email address(es), telephone and fax numbers. If the Applicant operates at more than one address in The Bahamas, provide details for each office in an attached sheet.</i>		
	Primary Business Address		
	<i>Address 1:</i>		
	<i>P.O. Box Number:</i>		
	<i>State:</i>	<i>Zip Code</i>	<i>Country:</i>
	<i>Telephone: ()</i>	<i>Fax: ()</i>	<i>Email Address:</i>
4. Declaration	<i>Please answer the below questions. If no, please provide full details:</i>		
	Licensees		
	a) Do you maintain reliable accounting records as defined in the Guideline? (own operations)	Yes <input type="checkbox"/>	No <input type="checkbox"/>
	b) Are these records maintained for a period of 5 years? (own operations)	Yes <input type="checkbox"/>	No <input type="checkbox"/>
	c) Have you advised all IBCs and ELPs for which you provide corporate or administrative services, of their obligations to maintain reliable records as required the relevant legislation? <i>If no, please indicate the details and reasons in a separate note attached to this declaration.</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>
	Licensees Providing Directors or General Partners		
	d) Are all IBCs and ELPs to which you have been appointed director or general partner complying with the relevant legislation to maintain appropriate accounting records? <i>If no, please indicate the details and reasons in a separate note attached to this declaration.</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>
	Licensees providing Registered Agent and Registered Office Services		
	e) Has the statutory declaration been submitted for all IBCs for which you provide Registered Office Services? <i>If no, please indicate the details and reasons in a separate note attached to this declaration.</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>
	f) Has the statutory declaration been filed with the Registrar General for all IBCs for which you provide Registered Agent Services? <i>If no, please indicate the details and reasons in a separate note attached to this declaration.</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>

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	g) Within the past year, have you, for any reason, requested access to the accounting records of an IBC or ELP where you provide corporate or administrative services.	Yes <input type="checkbox"/>	No <input type="checkbox"/>		
	h) In all cases where you requested access to accounting records of an IBC or ELP, were you able to access those records. <i>If no, please indicate the details and reasons in a separate note attached to this declaration.</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>		
5. Exception Report	<p>Are you aware of any clients who are not in compliance with the applicable legislation related to the keeping of accounting records? Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p><i>If Yes, please provide details below: (If necessary you may continue on a separate page (appropriately numbered and referenced) and attach to completed form.)</i></p>				
6. Contact Person	<p>Give the name, business telephone number and email address of a senior official who is knowledgeable about the maintenance of records at your institution and who may be contacted to discuss matters related thereto.</p> <p>Surname, First, Middle</p> <p>Position within the Company:</p> <p>Business Telephone: ()</p> <p>Email Address:</p>				
ATTESTATION:	<p>We, the undersigned, hereby affirm that, to the best of our information, knowledge and belief, the contents of this form and any attachments provided with this form are true, correct and not misleading.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>Chief Executive Officer</p> <p>_____</p> <p>PRINT NAME (Surname, First, Middle)</p> <p>_____</p> <p>SIGNATURE</p> <p>_____</p> <p>DATE</p> </td> <td style="width: 50%; vertical-align: top;"> <p>Senior Officer</p> <p>_____</p> <p>PRINT NAME (Surname, First, Middle)</p> <p>_____</p> <p>SIGNATURE</p> <p>_____</p> <p>DATE</p> </td> </tr> </table>			<p>Chief Executive Officer</p> <p>_____</p> <p>PRINT NAME (Surname, First, Middle)</p> <p>_____</p> <p>SIGNATURE</p> <p>_____</p> <p>DATE</p>	<p>Senior Officer</p> <p>_____</p> <p>PRINT NAME (Surname, First, Middle)</p> <p>_____</p> <p>SIGNATURE</p> <p>_____</p> <p>DATE</p>
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