

Securities Commission of The Bahamas

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MEDIA RELEASE

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FOR IMMEDIATE RELEASE

Securities Laws Amended To Enhance Minority Shareholder Protection

Nassau, The Bahamas, 21 May 2020 – The Securities Commission of The Bahamas (“the Commission”) announced today that legislative amendments to securities laws aimed at the better protection of minority shareholder rights were gazetted on 28 April 2020.

The gazetted legislation consists of the Securities Industry (Amendment) Regulations, 2020, the Securities Industry (Take-Over) (Amendment) Rules, 2020 and the Securities Industry (Corporate Governance)(Amendment) Rules, 2020. The amendments further enhance Rules introduced last year to improve minority shareholder protections and impact The Bahamas’ scoring and rank in the World Banks’ Ease of Business report.

The Take-Over Rules and the Corporate Governance Rules, promulgated in 2019, increased disclosure requirements for conflicts of interest, clarified ownership and control structures, and required greater corporate transparency. Along with amendments to the Companies Act and Securities Industry Act, the Rules contributed to a 44 point jump in The Bahamas’ rank for the protection of the minority investors metric of the Doing Business rating, compared with the previous year’s ranking.

“We are always pleased to be able to fastidiously execute our statutory mandate and simultaneously support national efforts to enhance our reputation as a competitive, internationally compliant jurisdiction,” Christina Rolle, Executive Director of the Commission, said.

“This raft of amendments is a perfect example of both, improving corporate governance standards and the rules governing corporate takeovers, continuing to support strong minority shareholder protection, and simultaneously undergirding The Bahamas’ Ease of Business scoring for this category.”

Some of the key changes the amendments provide for are summarised below:

- The rules governing take-overs were clarified to require that where an offeror has acquired 90 percent or more of the voting shares of a public issuer, the offeror must make an offer to acquire the minority shareholders’ equity securities.

- In cases where a director or officer of a public issuer has an interest or proposed interest in a material contract, the contract must be voted on by an express resolution by the Board, and the director or officer must recuse himself/herself from the vote.
- Prospective nominees to the Board of a public issuer must disclose any other existing or potential board appointments, employment or compensated commitments with other companies, public issuers or regulated entities prior to their appointment. In cases where there is a nominating committee, the committee must determine if a prospective nominee is able to effectively contribute to Board performance where the nominee holds such other directorships, employment or compensated commitments.
- Subsequent to appointment to the Board, directors have an ongoing obligation to report any other existing or potential board appointments, employment or compensated commitments with other companies, public issuers or regulated entities.
- Public issuers must disclose in their annual reports any other board memberships, employment or compensated commitments held by its directors, as well as details of any appointments to the Board committees and any ownership interests in other companies, public issuers or regulated entities.

The Rules and the amendments are available on the Commission's website (www.scb.gov.bs).



Christina Rolle
Executive Director, Securities Commission of The Bahamas

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Editor's Information:

1. **The Securities Commission of The Bahamas (“the Commission”) is a statutory body established in 1995 pursuant to the Securities Board Act, 1995. That Act has since been repealed and replaced by new legislation.**
2. **The Commission’s mandate is now defined in the Securities Industry Act, 2011 (SIA, 2011).**
3. **The Commission is responsible for the administration of the SIA, 2011 and the Investment Funds Act, 2019 (IFA, 2019), which provides for the supervision and regulation of the activities of the investment funds, securities and capital markets.**
4. **The Commission, having been appointed Inspector of Financial and Corporate Services effective 1 January 2008, is also responsible for administering the Financial and Corporate Service Providers Act, 2000.**
5. **The functions of the Commission are to:**
 - **advise the Minister on all matters relating to the capital markets and its participants;**
 - **maintain surveillance over the capital markets and ensure orderly, fair and equitable dealings in securities;**
 - **foster timely, accurate, fair and efficient disclosure of information to the investing public and the capital markets;**
 - **protect the integrity of the capital markets against any abuses arising from financial crime, market misconduct and other unfair and improper practices;**
 - **promote an understanding by the public of the capital markets and its participants and the benefits, risks, and liabilities associated with investing;**
 - **create and promote conditions that facilitate the orderly development of the capital markets;**
 - **and perform any other function conferred or imposed on it by securities laws or Parliament (SIA, 2011, s.12).**