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# SECURITIES INDUSTRY (CORPORATE GOVERNANCE)(AMENDMENT) RULES 2020

## Arrangement of Rules

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**SECURITIES INDUSTRY (CORPORATE GOVERNANCE)  
(AMENDMENT) RULES 2020**

**SECURITIES INDUSTRY ACT, 2011 (NO. 10 OF 2011)**

The Securities Commission of The Bahamas, in exercise of the powers conferred by section 150 of the Securities Industry Act, 2011, makes the following rules –

**1. Short title.**

These Rules, which amends the Securities Industry (Corporate Governance) Rules, 2019,<sup>1</sup> may be cited as the Securities Industry (Corporate Governance) (Amendment) Rules, 2020.

**2. Amendment of rule 10 of the principal Rules.**

Rule 10 of the principal Rules is amended –

- (a) by the deletion and substitution of paragraph (1) as follows –  
“(1) A prospective nominee to the Board of a company must disclose prior to appointment, the number and nature of any memberships he may have on other Boards and where applicable any employment or compensated commitments with other companies, public issuers or regulated entities.”;
- (b) by the deletion and replacement of paragraph (2) as follows -  
“(2) Where there is a nominating committee, such committee shall determine whether any prospective nominee can effectively contribute to the performance of the Board where such nominee holds more than one directorship or has other employment or compensated commitments.”;

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<sup>1</sup>S.I. No. 19 of 2019.

- (c) by the insertion, immediately after paragraph (2), of the following new paragraph -
  - “(3) For the purpose of paragraph (1) and in addition to the requirement under rule 6(5), where a prospective nominee is elected or appointed as a director having disclosed membership on the boards of or any employment or compensated commitment with a company or public issuer or regulated entity, the termination of those other board memberships, or any employment or compensated commitments shall be immediately disclosed by the director.”.

**3. Amendment of rule 11 of the principal Rules.**

Rule 11 of the principal Rules is amended as follows –

- (a) in paragraph (2) –
  - (i) in the chapeau –
    - (i) by the deletion of the comma appearing immediately after the word “director”, and the substitution of the word “or”; and
    - (ii) by the deletion of the words “, and external auditor”;
  - (ii) in paragraph (a), by the deletion of the word “material”;
  - (iii) at the end of paragraph (b), by the deletion of the period and the substitution of the words “; and”; and
- (b) by the insertion, immediately after paragraph (2), of the following new paragraph (2A) –
  - “(2A) For the purpose of paragraph (2)(b), where a director or officer discloses that he is a director or an officer of a company that is party to a material contract or any proposed material contract –
    - (a) the relevant material contract must be voted on by an express resolution by the Board; and
    - (b) the relevant director or officer shall recuse themselves from the vote with respect to that material contract.”.

**4. Amendment of rule 22 of the principal Rules.**

Rule 22 of the principal Rules is repealed and replaced as follows –

**“22. Disclosures.**

Every company must disclose, in its annual report -

- (a) details of its directors’ interest in contracts either directly or indirectly with the company or its subsidiaries or holdings companies, including details on the name of the director, the nature and details of the contract and the director’s interest therein;
- (b) any service contracts and other material contracts with controlling shareholders; and
- (c) details of any other board memberships or any employment or compensated commitments held by its directors, as well as details of any appointments to the Board committees of and any ownership interests in other companies, public issuers or regulated entities.”.

**5. Amendment of rule 23 of the principal Rules.**

Rule 23 of the principal Rules is amended as follows –

- (a) by the deletion and replacement of paragraph (1) as follows -
  - “(1) The Chairman and the Chief Financial Officer or the equivalent of every company to which these Rules apply must, in writing, satisfy the Board that the financial statements present a true and fair view of the affairs of the company.
  - (1A) The Board must ensure that the companies annual report retains information on the company’s capital’s structure, including –
    - (a) details of issuance of share capital during the year;
    - (b) borrowings and maturity dates; and
    - (c) details and reasons for share buy backs during the year.”; and
- (b) in paragraph (2), by the deletion of paragraph (j).

**Made this 28<sup>th</sup> day of April, 2020.**

**Signed**  
**ROBERT LOTMORE**  
**Chairman**  
**Securities Commission**