



13D Brain Trust Weekend
21-23 January 2022
Nassau, The Bahamas

Saturday 22 January 2022
Luncheon at the Little Club
Lyford Cay, 12:15 – 2:00 pm.

Speaking notes for Christina Rolle
Executive Director
Securities Commission of The Bahamas.
(As prepared)

[Protocol if needed]

Good morning everyone,

Protocol requires that I acknowledge The Hon. Philip E Davis, Q.C, Prime Minister of Commonwealth of The Bahamas and Minister of Finance

Mr. Nathaniel Beneby, consultant in the Office of The Prime Minister and my good friend.

Ladies and gentlemen, firstly I just want to thank Kiril for his generous invitation to join you over the past few days and also to speak to you briefly this morning.

A prior commitment prevented me from attending yesterday morning but I found the afternoon and dinner sessions to be both illuminating and inspiring.

Kiril asked that I speak you on the topic of what makes The Bahamas best for crypto... now, I'll admit when I saw the topic, I was a little bit intimidated because it is very broad and can be interpreted in so many ways. I think if I had it my way – and I guess I do have it my way – I would say that The Bahamas is certainly the best in class for crypto regulation.

Before I get into that though, allow me a slight detour to give you a little insight into the Securities Commission of The Bahamas, what guides our approach to regulation, and what that means for various trends and other potential developments in financial services and wealth management.

I don't know what comes to your mind when you hear, "Securities Commission of The Bahamas." I'm hopeful that it involves some of the innovative and bold regulatory strides we have made in recent years, whether it be in the Digital Assets and Registered Exchanges space, in the the AIFMD-ready,

modernised Investment Funds legislation that we passed in 2019, our Contracts for Differences Rules for the securities sector, or something similar.

The Commission is one of the best-regarded financial services regulators in The Bahamas and throughout the Caribbean region, with responsibilities for securities, investment funds, the capital markets, financial and corporate service providers and more recently, digital assets, digital token exchanges and other digital asset businesses. We are an actively engaged member of the International Organisation of Securities Commissions, where Commission staff serve on a number of committees, and I myself have the honour of currently serving on the IOSCO Board in my capacity as vice-chair of the Inter-Americas Regional Committee. That Committee has some of the largest securities regulators in the world including the USSEC, the CFTC, the Ontario Securities Commission and all of the other securities regulators in Canada, Central and South America as well as the Caribbean.

It is through our international participation that the Commission is able to stay on the cutting edge of international regulatory developments by gaining first hand direct insight into not only how the regulatory space is developing but also, how it is likely to develop in the future.

I say all that just to give you an appreciation that the Commission does not develop regulation in a vacuum but rather, to impress upon you that we access many resources including our regulatory colleagues around the world.

Rather than spending any more on that detour, I would like to pivot in order to share with you, briefly, my perspectives about our approach to

regulation, and in particular, our approach in developing the Digital Assets and Registered Exchanges Act, 2020, or “DARE” as we like to call it.

Our primary objective in developing DARE was to bring regulatory certainty to a dynamic, fast paced and evolving space that, from our observations, was desperately searching for both regulatory legitimacy and certainty. The crypto industry is still in its infancy, or in any event, far from its maturity, so it was clear to the Commission that we needed to establish a legislative framework that was not overly prescriptive. This allows us to be nimble and able to react to new risk trends, or market development opportunities, as the evolving landscape demands.

(By the way, and as an aside, market development is an expressed function in the statutory mandate of the Securities Commission of The Bahamas, which may not be the case for securities regulators in many of the advanced economies that you are familiar with).

Going back to our approach, at the time when we first started to look at the issues, regulators around the world were fixated on the question of when does a crypto become a security (and to some extent, certain regulators are still fixated on that question). As we continued to study the space, however, it became clear to us that while the question may help us to define our regulatory parameters as a securities regulator, it was the wrong question in order to address the entirety of the crypto space. It became clear to us that the space needed its own regulatory regime, bypassing the question altogether – well, I say bypassing but that is really only for the time being – trends indicate that very

soon, traditional securities will become tokenized and we believe that it will for this new paradigm that securities regulators really ought to be preparing.

We also set out to establish The Bahamas as a leader in the crypto space. There is a journey still ahead of us to address certain aspects of the legislative framework, but we are not daunted by this work. Managers and staff of the Commission are eagerly embracing high quality capacity building opportunities with world-leading education programs. We are actively engaged with our industry and stakeholders – we try to learn as much as we can from them and in as much as we can as regulators, we seek input and feedback on the impact regulatory standards will have on the industry. We are also very engaged with various regulatory bodies, keeping track of developments and upgrading or adjusting our framework as standard setting bodies like IOSCO or the Financial Action Task Force publishes guidelines. In the case of IOSCO, we are more often than not an active contributor to the new standards.

If you know anything about The Bahamas, you know we do not view our size as a handicap, but a reality we can leverage to our benefit. The close access that we as regulators have to industry players and regulatory addresses, policy makers, and the consumers and investors we aim to protect, allows us to identify and act on urgent matters, and to be innovative in providing solutions to evolving regulatory concerns.

We are applying these approaches and principles to decentralized finance, and you will see some of this manifested as we roll-out the new Securities Industry Bill for consultation later this year.

There is a lot more I could tell you about, but I won't take any more of your time right now. I have met a few of you over the course of the past few days and I hope that you stay in touch and that I get other opportunities to go into more of the details of what we do and just why regulation, particularly crypto legislation, to steal a slogan from Tourism, it is better in The Bahamas.

Ladies and gentlemen, with that I would just like to thank you for your time. Thank you once again to Kiril. I'm intending to cut out around 10:30 but I'm sure you will enjoy the rest of the presentations today. I wish you all safe travels and all the best.