



Regulatory Updates and Outlook

Risk and Regulatory Outlook 2022

(As prepared)

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Securities Commission of The Bahamas

Thursday 3 February 2022, 9:25 a.m.
Virtual/Zoom Meeting

SCB is responsible for the administration of:

- Securities Industry Act, 2011
- Investment Funds Act, 2019
- Financial and Corporate Service Providers Act, 2020
- Digital Assets and Registered Exchanges Act, 2020



167
Securities
Firms



45 Investment
Fund
Administrators



683 Investment
Funds



246 Financial &
Corporate Service
Providers



1 Registered
Exchange,
2 FCSPs approved
to carry on digital
assets business

Statistics as at 31 December 2021

Digital Asset and Regulatory Exchanges (DARE) Act, 2020

- Successful introduction of DARE, 2020
 - Applications in the pipeline
 - Continued strong interest from potential applicants
- SCB's Approach:
 - Establish foundational regulatory regime that allows the industry to develop and SCB to hone its understanding of the industry
 - As industry grows, develop suitably robust regulation for market participants, to manage impacts on the broader financial system, and to investors and consumers of digital assets products/services.
- Primary Focus: Developing AML/CFT Rules specific to DARE legislation, Compliant with Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) global standards and best practices
- Particularly vis-a-vis FATF Recommendation 15



Securities Industry Act, 2011 - Updates

- Complete Overhaul of the SIA, 2011 had commenced
 - Decade-old legislation
 - Seeking better alignment with operational changes in the industry and industry growth/development
 - Will update the registration regime
 - Fine-tune definition of registrable securities business activities
 - Contemplating a more rules-based structure tailored to specific registrable securities business/activities

Securities Industry Act, 2011 - Updates

Securities Industry (Business Capital) Rules 2021 (Gazette date: 23 June 2021)

- Eligible SMEs can raise BSD 5 million within single 12 month period
- Reduced regulatory burden, filing costs
- Retail investors (“non-accredited investors”) are able to invest up to BSD \$10,000 BSD per crowdfund distribution, or up to \$50,000 BSD over a single 12-month period

Securities Industry (Amendment) Bill, 2021 & Securities Industry (Amendment) Regulations, 2021

- World Bank Ease of Doing Business deficiencies including disclosure requirements surrounding material contracts with public issuers, posting of public issuers financial statements on their websites or newspaper, require a register of public issuers
- Strengthen SCB’s powers to revoke licenses

Securities Industry (Financial Resources) Regulatory Rules, 2021

- Updates current regulatory capital requirements and calculations and other prudential requirement to reflect the risk undertaken
 - **Provisions for CFDs service providers**

Financial and Corporate Services Providers Act, 2020

Financial and Corporate Service Provider (Money Lenders) Rules, 2021

Reissued for Public Consultation

Consultation period: (2 February – 15 March 2022)

<https://www.scb.gov.bs/legislative-framework/consultation-documents/>

The proposed Rules, will :

- establish a supervisory framework for non-bank money lenders ;
- provide for the fair treatment of clients, responsible lending, and ensuring that representatives of money lenders are fit and proper;
- provide for contracts for the lending and repayment of money not being enforceable where the loan is made by an unlicensed money lender, among other things

Investment Funds Act, 2020

IFA, 2020 Amendments Objectives:

- Rationalize and clarify the regulatory regime for investment fund managers
- Ensure “light-touch” approach for fund managers is clear in legislation
- Clarify scope to ensure it only captures appropriate market participants
- Clarify that closed-end funds will be subject to regulation

Investment Funds Act, 2020

- Investment Funds Act, 2020 Regulation 75
 - (R 75 requires confirmation that unaudited financials have been maintained in accordance with IFRS or GAAP standards by BICA member in good standing or other accountant licensed with international accounting body approved by SCB.)
 - SCB is working with BICA to develop a sign off process that is less rigorous than requirements for a full audit.
- Suspension of investment funds policy

General/Across Legislative Suite

- Strengthening the corporate governance regulatory regime
- Reviewing outsourcing agreements regulatory regime
- Reviewing Physical Presence requirements

Operations

- **Covid-19 Adaptation**
 - Resumption of operations
 - Staff in, working in-office on a rotational basis
 - Weekly testing of staff – 97% vaccination rate
 - Investigations and Court Matters continuing in a virtual environment

Data warehouse project – commencement of complete digitization of processes
(transformation to data-driven)

complete process & procedures review w/ view to overhaul

Build out CoRI

Deepen RBS Platform

The four reports

Thank you!

Q&A



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