



BICA ACCOUNTANTS' WEEK 2024

Securities Commission of The Bahamas' Updates

**Christina Rolle, Executive Director
Securities Commission of The Bahamas**

Baha Mar Convention Center
Tuesday 12 November 2024
2:15 pm

- **Introduction**
- **Legislative Updates 2024**
 - Digital Assets and Registered Exchanges Act, 2024
 - Securities Industry Act, 2024
 - 2024/2025 Legislative Priorities
 - Consultation Documents
- **Supervisory Priorities**
- **Examinations Overview**
- **Other Updates**

SCB is responsible for the administration of:

- Securities Industry Act, 2024
- Investment Funds Act, 2019
- Financial and Corporate Service Providers Act, 2020
- Digital Assets and Registered Exchanges Act, 2024
- Carbon Credit Trading Act, 2022

**166**

Registered firms,
Marketplaces,
Clearing facilities

**43**

Investment Fund
Administrators

**614**

Investment Funds

**304**

Financial & Corporate
Service Providers



1 Digital Token Exchanges,
3 Digital Asset Businesses
and Token Exchanges
21 Digital Asset Businesses

- Came into effect 29 July 2024

Key Objectives of DARE Act 2024:

- Robust Risk Management
- Consumer and Investor Protection
- Market Growth and Innovation

New Features

- Additional definitions and interpretations
- Expanded types of digital asset business activities including providing advice on and management of digital assets
- Custody services provisions
- Staking services provisions
- Bespoke requirements for stablecoins



New Features (cont.)

- Foundational provisions for financial and reporting obligations
- Additional requirements related to digital asset exchanges
- Enhanced framework for digital asset issuers (including Voluntary Registration Regime, etc.)
- Conduct requirements now include conflicts of interest and market abuse offences
- Enhanced AML/CFT/CPF provisions



World Leading Staking Services Framework

A dedicated disclosure regime

DARE registrants authorized to provide staking services are required to disclose certain information to clients and to the Commission, including:

- Summary of the terms of the client agreement;
- Details regarding the staking protocol;
- Details of how digital assets are staked (including how and for what period of time staked assets are “locked up”);
- Details of rewards or interest to be earned through staking;
- Details of any penalties which may be imposed through staking;
- Where applicable, how staking participants are chosen to validate; and
- Any other information as may be required by the Commission from time to time.



Additional requirements for stablecoin issuers

- Stablecoin issuers must include additional information in the **offering memorandum**;
- Stablecoin issuers must back stablecoins with reserve assets, at all times;
- Reserve assets should consist of fiat currencies, legal tender, commodities, digital assets, or any other form of reserve asset not prohibited by the Commission;
- Reserve assets must be available for examination and verification upon request of the Commission;
- Reserve assets should be segregated from the issuer's non-reserve assets;
- Reserve assets should be custodied and managed by entities authorized to do so by the Commission;
- Issuers must publish any event likely to have an impact on the value of the stablecoin or on the reserve asset;
- Redemption of stablecoins shall be subject to reasonable, non-burdensome conditions.

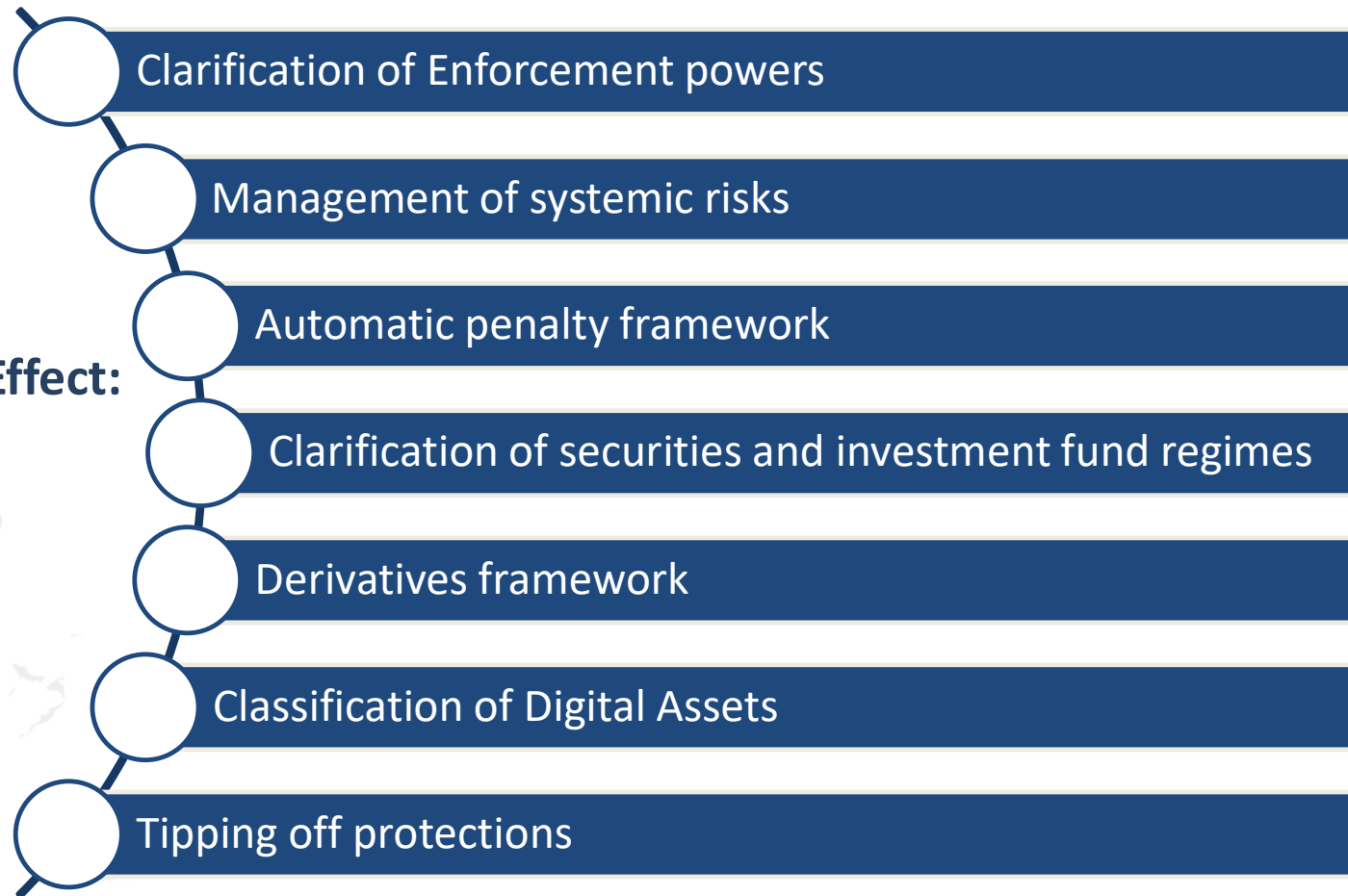
Algorithmic stablecoins

The issuance of algorithmic stablecoins is prohibited.



What We Have Addressed

**SIA 2024 Came Into Effect:
29 July 2024**



Clarified Enforcement Powers

Securities Industry Act, 2024



Commission Directives

Express authority to issue directives, sanctions and penalties separate and apart from its examination and investigation authority.



Criminal Actions

Express authority to refer matters to the Commissioner of Police or to the Director of Public Prosecution.



AML/CFT Breaches

Specific enforcement authority related to AML/CFT obligations and deficiencies in the Commission's current enforcement regime addressed.



Administrative Authority

Updated authority to address non-compliance with specific statutory obligations immediately through automatic administrative action without a hearing or disciplinary action process.



Asset Freezing

Updated legislative standards around freezing assets including scope of authority and the duration of freeze orders, court involvement and flexibility to extend, remove or refer matters for continuation in courts etc.

Derivatives Trading

Securities Industry Act, 2024 Part IX

The Act provides for a regulatory framework for the supervision of the trading of Derivatives.

- Rules may prescribe classes of derivatives to be:
 - Traded in a marketplace or other approved trading platform
 - Cleared through a central counterparty
 - Subject to suitable margining and other risk management requirements and
- Rules may prescribe transaction reporting requirements.
- Introduces disclosure requirements for entering a transaction for a prescribed derivative or a prescribed transaction for a derivative.
- The Commission may issue exemption orders.
- Transactions are not void, voidable, unenforceable or rescindable by sole reason of failure to comply with the Act.



Digital Assets

Securities Industry Act, 2024 S198

The Act empowers the Commission to declare a digital asset or class of digital assets as securities thereby bringing digital securities within the purview of the SIA.

Once a digital asset is defined/identified as a security it will be subject to and supervised under the provisions of the SIA like any other capital markets instrument.

Tipping Off

Securities Industry Bill, 2024 S 136

The Securities Industry Act 2024 includes tipping off provisions for registrants and licensees for the purposes of an investigation or the fulfilment of a request for assistance.

The provisions apply notwithstanding any obligation under any contract, agreement or arrangement.



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- **Securities Industry Regulations, 2025**
 - **Amendments to the Investment Funds Act, 2019**
 - **Digital Assets Regulations/Rules???**
 - **Standards of Lending Practice**
 - **Various Guidelines to accompany DARE, 2024 and SIA 2024**

Fees updates to SIA, IFA, FCSPA and DARE Act

www.scb.gov.bs/legislative-framework/consultation-documents/

Draft Documents for Consultation

Document For Review	Review Period	Comment
Digital Assets and Registered Exchanges (Fee) Rules, 2024	3/10/2024 – 15/11/2024	
Financial and Corporate Service Providers (Fees) Rules, 2024	3/10/2024 – 15/11/2024	
Investment Funds (Fees) Rules, 2024	3/10/2024 – 15/11/2024	
Securities Industry (Fees) Rules, 2024	3/10/2024 – 15/11/2024	

2025 Supervision Priorities Summarized

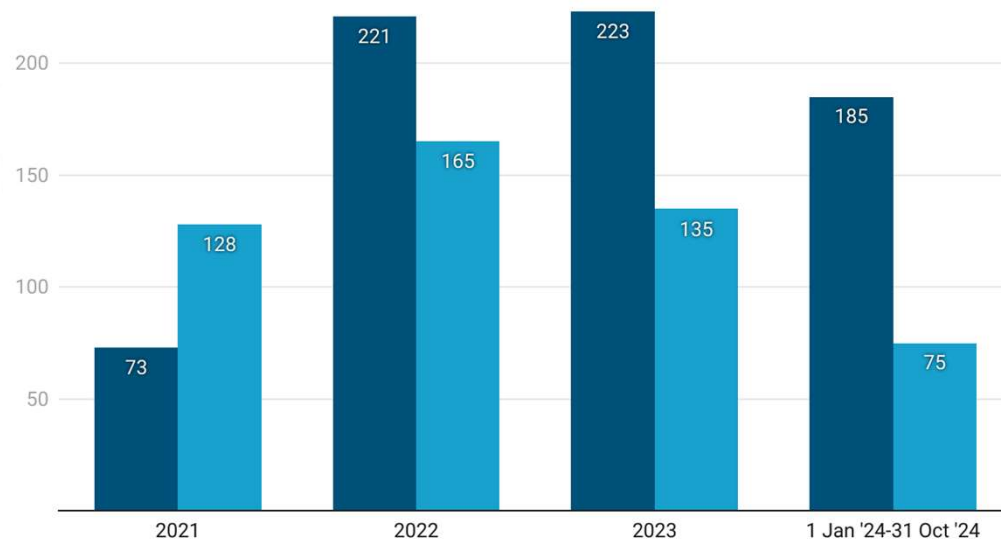
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- 1) Effective Implementation of new legislation
(SIA 2024, DARE 2024)
 - 2) Enhanced Operational Capacity
 - 3) Enhancing Risk-based Monitoring
 - Risk-based reviews
 - Focus on newly licensed entities
 - Thematic desk-based reviews

EXAMINATIONS OVERVIEW

	2021	2022	2023	31 Oct 2024
No. of Examinations Completed	31	32	43	35
No. of Reports Issued	31	32	43	12
Total Breaches	201	386	358	260

Breaches by Type, 2021 - 31 October 2024

■ AML/CFT/CPF ■ Business Conduct




Source: Securities Commission of The Bahamas • Created with Datawrapper

2025 examination priorities

- Money Lending Activity
- KYC Identification
 - Required information
 - Records maintenance
 - Risk Management Systems
- Common Reporting Standards

- **Concluding 2025 – 2027 Strategic Plan**
- **Frauds and Scams Awareness Campaign**
- **Capital Markets Paper and Pension Review**
- **Framework for ESG reporting**
- **Exploration of DAO and tokenization models**
- **Preparation for 2026 CFATF Mutual Evaluation**
- **Cambridge Fintech and Regulatory Innovation – Cohort 2**



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