

PRESS RELEASE

Contact: Mr. Hillary Deveaux, Executive Director
242-356-6291/2

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Securities Commission of The Bahamas Holds 4th Annual Industry Briefing

On February 10, 2010 The Securities Commission of The Bahamas (the Commission) held its annual Industry Briefing at the British Colonial Hilton. The briefing which is held annually and it is now in its fourth year, encourages dialogue with members of the financial services industry. It also provides an opportunity for relevant stakeholders to be updated on progress with the Commission's previous year's goals, existing or impending legislative and regulatory matters which govern the industry's activities and outlines the Commission's intended activities for the coming year. It also gives the industry's constituents a forum to present issues of concern to the Commission.

Key addresses were given by SCB Board *Chairman*, Philip Stubbs, *Executive Director*, Hillary Deveaux, and *Managers* of Authorizations, Market Surveillance, Inspections, Policy and Research and the Office of Legal Counsel.

"While nations and organizations continue to debate the causes of and solutions to the economic crisis, including the regulators' role and function, our Bahamas keeps watch...tied to the global economy, and developing strategies to mitigate any further negative impact on our economy due to the reduction in revenue in the tourism and financial services sectors," said Stubbs.

According to Stubbs, the issues of industry viability and competitiveness, as well as the need for closer regulation, are being factored into the strategic planning and operations of the Commission, with a view to understanding and proactively absorbing any related impact.

In his update on the achievement of goals set in 2009, the Chairman remarked that although the Commission was unable to fully achieve all of its 2009 goals, significant progress was made, in addition to some unexpected successes.

"I am proud to report on a number of internal developments that have led to increased efficiencies, particularly with respect to financial reporting, upgrades to our internal database systems, and the IT infrastructure."

Stubbs indicated that such improvements will enable the Commission to follow the full progress of applications and provide clear reports on turn-around time.

He indicated further that amendments to the Investment Funds Act, 2003, have already been tabled in Parliament for debate at its next sitting, and that the draft Securities Industry Act and Regulations are being finalized.

The Securities Industry Act and Regulations were available for consultation by the general public and the financial services sector, with the Commission casting a wide net to ensure that a broad range of persons were able to provide input into the development of this key legislation. The final draft of the legislation will be submitted to the Ministry of Finance in the coming week, with accompanying rules – detailing practical actions under the legislation -- currently being developed.

The Commission, having recently signed on as signatory 'B' to the IOSCO MMoU, expects that the enactment of the new securities legislation will "place the jurisdiction in a position to be compliant with the full signatory 'A' standards."

Legislative initiatives taking place in 2010 include the comprehensive review of the Investment Funds Act, 2003, and the Financial and Corporate Services Providers Act, 2000.

Updating the group on the Commission's strategic direction for 2010 to 2012, Deveaux explained, "The outcome of our strategic planning exercises is a set of priority programmes and projects deemed necessary for achieving success over a three-year horizon."

"We are confident that this approach will craft the building blocks for success; and that the strategic direction should result in an organization that is respected for its competence, professional business culture and proactive regulatory environment."

Ongoing initiatives under this three-year format include carrying out risk assessment initiatives to identify risks and required improvements, enhancing corporate governance, improving corporate efficiency and the legislative framework, as well as improving the consistency and quality of ongoing operations.

"The primary challenge," said Deveaux "is working with scarce resources that are being shared over a variety of new initiatives in addition to being required to work at increased levels of output toward ongoing operations."

Executive Director, Hillary Deveaux, provided participants with an update on the Commission's operational plans for 2010, noting the anticipated budgetary constraints. Deveaux also told the audience that the primary areas that will dominate activities for 2010 will be the implementation of the new securities legislation, the execution of risk assessment initiatives and remedial acts to address any gaps uncovered, and changes to database systems that support regulation and operations.

The Commission has released these plans in its 2010 Statement of Priorities on its website.

The consolidation of the three regulatory agencies was also discussed at the Briefing. The unified agency, likely to be called the Financial Services Authority (FSA) of The Bahamas, will remain in its current location and shares human resources and information technology functions. Details on the timeline for consolidation of the three existing regulators and relevant information about the amalgamation will be released in the coming months but, at present, the Securities, Compliance and Insurance Commissions are set to move forward, with strategic goals and action plans to be assimilated into the strategic plans of the consolidated regulator.

“The policies, regulatory framework and the application of respective laws and regulations, where possible, will also be integrated to achieve the best and most functional results,” said the Chairman.

Having apprised the audience of the achievements made in 2009, and the direction for 2010, the Chairman reminded the audience of the Commission’s mandate to formulate principles to regulate and govern all aspects of the investment funds, securities and capital markets; to maintain surveillance over the markets to ensure orderly, fair, transparent and equitable dealings; and to create and promote conditions to ensure orderly growth and development of the securities and capital markets.

“We also call on you to bear in mind your end of the bargain, by ensuring that your institutions stay abreast of existing regulation and legislation, and new developments. This type of two-way relationship enables us to accrue reciprocal benefits derived from having a regulator that can be responsive to industry needs and conduct supervision of the markets with efficiency of resources.”

The Securities Commission of The Bahamas (“the Commission”) is a statutory body established in 1995 pursuant to the Securities Board Act, 1995, which was repealed and replaced by the Securities Industry Act, 1999 (the SIA). The Commission is responsible for the administration of the SIA and the Investment Funds Act, 2003 (the IFA), which provides for the supervision and regulation of the activities of the investment funds, securities and capital markets. The Commission, having been appointed Inspector of Financial and Corporate Service Providers effective 1 January 2008, is also responsible for administering the Financial and Corporate Service Providers Act, 2000.

The Commission’s mandate is to formulate principles to regulate and govern investment funds, securities and capital markets; maintain surveillance over investment funds, securities and capital markets ensuring orderly, fair and equitable dealings; create and promote conditions to ensure orderly growth and development of capital markets; and to advise the Minister of Finance regarding investment funds, securities and capital markets.

The Securities Commission of The Bahamas
3rd Floor, Charlotte House
Charlotte Street
P.O. Box N- 8347
By fax to: (242) 356-6291/2
By email to: info@scb.gov.bs
Website: www.scb.gov.bs