

PRESS RELEASE

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Securities Commission Announces New Initiatives for its Authorisations Department for 2010

The Securities Commission of The Bahamas (the Commission), during its annual Industry Briefing held last week, updated its constituents on the 2010 initiatives for its Authorisations Department.

Peggy Knowles, Acting Manager of the Authorizations Department, disclosed the initiatives, which included the streamlining of the licensing process, updates on the regulatory process related to Financial and Corporate Service Providers (FCSPs) and the obligations of Unrestricted Investment Fund Administrators with regard to the filing of funds they license.

The participants were advised of the Commission's effort to enhance its responsiveness to the needs of its constituents. This included increased delegated authority to the Executive Director with regards to the administration of the Securities Industry Act, 1999 (SIA), Investment Funds Act, 2003 (IFA) and Financial and Corporate Service Providers Act, 200 (PCSPA). Prior to 2009, delegated authority was granted to the Executive Director to license/register Recognised Foreign Funds under the IFA and Associated Persons under the SIA. In 2009, the Members of the Commission extended the delegation of authority to include all matters related to the administration of the FCSPA with the exception of enforcement matters. Consideration is now being given to authorizing the Executive Director to administer all aspects of both the SIA and the IFA. This authority, however, will be limited to licensing and other day-to-day matters and will not include enforcement matters, which will continue to be addressed under the Commission's disciplinary process.

Mrs. Knowles also provided an update on the inclusion, in 2009, of several SMART Models Funds (Models 4, 5 and 6) into the Commission's Fast Tracking Process. The Fast Tracking Process was established in 2004 and provides for applications for investment funds offered solely to accredited or professional investors to be considered for approval within 72 hours of receipt. A fast tracking application is to be submitted complete by the administrator or legal counsel of the fund, and is accepted based on the certification of compliance with the provisions of the IFA, as per the application form. Fast tracking applications have 21 days to be made complete failing to do so will result in the cancellation of the application.

The audience was also reminded of the Commission's stale-dating policy that addresses an application which, upon review by the Commission, is found to be deficient and not made whole within 90 days will be

cancelled. An applicant desirous of continuing the application process will have to re-apply and begin the application process again.

Another area of focus was the obligation of Unrestricted Investment Fund Administrators to file for and provide the prescribed documentation for funds they have licensed. Administrators failing to comply with this provision within 30 days of licensing will be assessed a penalty fee according to Section 13(5) of the IFA.

Mrs. Knowles also reported on several developments that impact licensees under the Financial and Corporate Service Providers Act. Historically, the administration of the FCSPA has been limited to the application and renewal process for both individual and company licensees. There will be a change in the supervisory approach to include these licensees as part of the full regulatory oversight programme. This will entail, in addition to the existing review at the application stage, both off-site and onsite monitoring. The audience was also advised of the Commission's introduction of an Information Update Form to capture all material changes of a FCSP and was advised that license certificates are now granted in perpetuity until the licensee either surrenders it or it is revoked for cause by the Inspector.

In closing reminders of the ongoing reporting requirements, which include the submission of Annual Returns and Certificates of Good Standing were noted.

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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.

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