

SECURITIES COMMISSION OF THE BAHAMAS

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PRESS RELEASE

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SECURITIES COMMISSION CLARIFIES PROCESS FOR TAKEOVER BIDS

The public is aware of a recent announcement by a potential shareholder offering to purchase the majority holdings in a public issuer.

The Securities Commission of The Bahamas wishes to provide clarification of the process involved in connection with offer bids for a substantial acquisition of shares and takeovers of public companies. While there are currently no rules governing takeovers and similar transactions in The Bahamas, the Commission has developed draft rules, which are based on the best practices for the governance of takeovers and similar transactions. It is anticipated that these proposed rules will be available for public consultation within a few weeks.

The Commission, under Section 4 of the Securities Industries Act, 1999 (SIA), has responsibility to create and promote conditions to ensure the orderly growth and development of the capital market, thereby creating an environment where minority shareholders' interests are protected and all shareholders are treated equally. In this regard, the Commission has shared with both the Acquiring Company (the Offeror) and the Target Company (Offeree Issuer), general guidance on the structure of any prospectus that may have to be developed, filing requirements, as well as general best practices which should be used to assist with the understanding of the mechanics of the offer bid. This guidance also indicates the

responsibilities of both the Offeror as well as the Offeree Issuer with respect to ensuring that minority shareholders are protected and fully informed.

The Commission wishes to assure the public that it is doing all it can within its authority to work closely with both parties associated with this offering, to ensure equitable and fair dealings.

The Securities Commission of The Bahamas (“the Commission”) was established in 1995 pursuant to the Securities Board Act, 1995, which was repealed and replaced by the Securities Industry Act, 1999 (the SIA).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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