

## PRESS RELEASE

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### **Securities Commission of The Bahamas Holds 5<sup>th</sup> Annual Industry Briefing and Releases Statement of Priorities for 2011**

The Securities Commission of The Bahamas (**the Commission**) hosted its 5<sup>th</sup> Annual Industry Briefing (**the Briefing**) at the British Colonial Hilton, on February 9, 2011. The Briefing was designed to bring together capital market stakeholders with senior management of the Commission to exchange ideas on developments and challenges within the market. It also allowed the Commission to reveal intended activities and priorities for the coming year, while updating the industry on the realization of the past year's goals.

The welcome address, which included a high level overview of the Commission's strategic direction, was rendered by the Commission's *Chairman and Acting Executive Director*, Philip Stubbs. Additional presentations were made by department heads on the developments within their portfolios. Heads of departments making presentations were: Laverne Thompson, Authorizations Manager; Sandra Duncombe, Acting Market Surveillance Manager; Denise O'Brien, Inspections Manager; and Gawaine Ward, Deputy Legal Counsel..

During his presentation, Executive Chairman Stubbs updated industry stakeholders on developments to the Commission's three-year (2010 – 2012) Strategic Plan. Highlights of the Commission's Strategic Plan for year one - 2010 - included: 1) tabling in Parliament the new Securities Industry Act (SIA); 2) identifying risks and improvement needs through a self assessment of the Commission's operations and an improved internal audit function; 3) the release of the first edition of the statistical digest; 4) enhancements to the database system; 5) the Standing Committee 4's of International Organization of Securities Commissions (IOSCO)) need to no longer monitor the Commission's international assistance and exchange activities; and 6) the Commission's continued efforts to comply with international standards in areas of efficiency and identification of risks.

Now in the second year of the plan, Mr. Stubbs also discussed the Commission's "*Statement of Priorities for 2011*," which included some initiatives carried over from the previous year. Priority items identified for this year includes a review of the regulatory operations at the Commission to identify areas of risk and required improvements. This goal, carried over from 2010, will include continued implementation of the recommendations arising from the Financial Sector Assessment Program (FSAP) review. The year 2011 will also see continued efforts to improve efficiency at the Commission with a view at enhancing the technical skills of personnel, surveillance and oversight programs, and the Commission's database system. Mr. Stubbs also listed as a priority for 2011, efforts to enhance internal systems and the work environment at the Commission to support employee relations. This initiative involves the implementation and enhancement of tools to motivate and engage employees. Also planned for 2011 are programs designed to enhance the governance of the Commission. These programs will improve the internal and external reporting of the Commission, including enforcement of conduct codes for Commission members. Legislative improvements at the Commission will be further developed in 2011. These developments will include programs designed to implement the new SIA and accompanying Regulations, continuation and completion of the review of the Investment Fund Act (IFA), and review of the Financial and Corporate Service Providers Act. Additionally, the Commission will continue its efforts to ensure consistent, high standards of ongoing operations in 2011.

Bringing updates at the Briefing was Laverne Thompson, Manager of the Authorizations Department. Ms. Thompson's presentation was focused on three main areas, namely an overview of licensing activities and trends, regulatory developments, and improvements in service standards. Updates on regulatory developments related to Money Laundering Reporting Officers, Financial and Corporate Service Providers and Securities Registrar and Transfer Agents were also presented. Ms. Thompson apprised audience members of new initiatives successfully implemented in 2010, which included streamlined licensing requirements for Financial and Corporate Service Providers, improved application query and response times, guidelines for approvals and timely submissions for an Initial Public Offering, and guidelines for the issuance of blank licenses to Unrestricted Investment Fund Administrators.

Giving a review of the performance of the Market Surveillance Department in 2010 was the department's Acting Manager, Sandra Duncombe. Updates included amendments made to the Investment Funds Act, 2003, which came into effect on May 1, 2010; a review to enhance the Commission's surveillance program; and incorporating Financial and Corporate Service Providers into the same. Areas of focus for 2011 include enhanced oversight of the secondary market, finalization of take-over codes and implementing a complaints process for licensees, registrants and the general public.

Denise O'Brien, Manager of the Inspections Department, advised that onsite evaluations during the past year revealed several common inspection findings. During her presentation at the Briefing, Ms. O'Brien listed several remedies to these findings. They included orders for contract notes, identifying the Broker-Dealer, to be submitted within 24 hours. Licensed Funds, unless exempted, are to submit their audited financial statements within six (6) months and all Stock Brokers, Dealers, Traders and Associated Persons are to be registered by the Commission. Additionally, Ms. O'Brien reminded the audience of the 21-day limit for investment funds to advise the Commission of any material changes taking place within the fund.

At the Briefing, Deputy Legal Counsel for the Commission, Gawaine Ward, apprised industry stakeholders on the status of legal matters for 2010, summarized his department's intended activities for 2011 and provided some preliminary statistics on areas that fell within the purview of the Office of Legal Counsel. He noted that during 2010, the Office of Legal Counsel's primary focus was targeted at completing the new Securities Industry Act and Regulations; adding that the Securities Industry Bill 2010 was finalized and tabled in Parliament, while the draft Regulations are now near completion with final amendments having been provided to the Office of the Attorney General. In regards to the intended review of the Investment Funds Legislation, Mr. Ward noted that the Commission has sought the support of the Bahamas Financial Services Board in providing the basis for required amendments; work will begin on that project shortly. While providing an outline of the intended action items for 2011, Mr. Ward said that an initial review of the Financial and Corporate Service Providers Act, 2000 has started and work on developing proposed amendments will continue through the year. Additionally, he said that the development of various rules necessary for the initial implementation of the Draft Securities Legislation are well under way and it is anticipated that these would hopefully be released for industry consultation within the first quarter of this year.

Additionally, the Commission wishes to advise the public of a review of its strategic goals for the planning period 2010 – 2012, entitled 'Statement of Priorities 2011'. This review, referred to in the above remarks by Chairman Stubbs, includes an evaluation of the Commission's priorities for 2010 and the status of programs that were carried over into 2011. The Statement of Priorities for 2011 includes six focus areas namely: 1) Revision of regulatory operations at the Commission; 2) Improving the Commission's efficiency; 3) Enhancing the Commission's internal systems; 4) Enhancing governance at the Commission; 5) Improving the Commission's legislative framework; and 6) Ensuring consistent high standards at the Commission. For further examination of each of the six goals outlined in the Commission's Strategic Plan 2011, please visit our website ([www.scb.gov.bs](http://www.scb.gov.bs)), where the entitled is captioned on the home page as "Statement of Priorities 2011."

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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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