



**Caribbean Group of Securities Regulators
14th Annual Conference and Workshop**

**Thursday 24 May 2018, 9:00 a.m.
British Colonial Hilton,
Nassau, The Bahamas**

**Theme: Strengthening Risk-Based Supervision And
The Framework for Promoting Financial Stability
In the Caribbean**

**Opening Remarks:
Mr. Robert. V. Lotmore
Chairman
Securities Commission of The Bahamas**

Thank you, Ms. Jerryse Rolle.

Permit me to adopt the protocol that has been established. Ladies and gentlemen, good morning.

It is with great pleasure that I open the 14th Annual Caribbean Group of Securities Regulators Conference and Workshop under the theme “Strengthening Risk-Based Supervision and the Framework for Promoting Financial Stability in the Caribbean”.

Allow me to provide a very brief overview of our Commission. The Securities Commission of The Bahamas was established in 1995. It is the statutory body responsible for the regulation and oversight of investment funds, securities and the capital markets in The Bahamas. The Commission also functions as the Inspector of Financial and Corporate Services, having been appointed in January 2008. In this capacity, the Commission is responsible for the regulation of financial and corporate service providers.

As at the 31st of December 2017, the Commission regulated and oversaw 151 securities firms, which included The Bahamas International Securities Exchange and a clearing facility—The Bahamas Central Securities Depository. Additionally, the Commission regulated and oversaw 783 licensed and registered investment funds, which include 39 Standard Funds, 219 Professional Funds, 31 Recognised Foreign Funds, and 494 Standard Mandate Alternative Regulatory Test, or SMART Funds. There were also a total of 341 active licensed financial and corporate service providers as at the 31st of December 2017.

Regarding the size of our capital markets, The Bahamas International Securities Exchange, reported that the market comprised 20 ordinary shares with a market capitalisation of \$4.43 billion, and preference shares with a market capitalization of \$327 million and 19 bonds with a face value of \$570 Million. The Exchange also reported that for the year

ending December 31, 2017, the All share index grew 6.47 percent.

As regional securities regulators, we have shared objectives to protect investors, ensure fair, efficient, and transparent markets, and to reduce systemic risk. Limited resources within our respective jurisdictions and a reliance on a compliance, or rules based approach to supervision, have reduced our ability to identify and prioritise existing and emerging risks.

In a world with dizzying advances in technology, inclusive of the rise of disruptive technologies, and considering the changes to regulatory best practices and globally accepted standards in securities and financial supervision, risk based supervision has emerged as the sensible, contemporary approach to harnessing limited resources to derive the greatest regulatory benefits.

As is the case with most major overhauls, adopting a risk based approach to securities supervision is challenging. It requires reflection and projection. Leaders must consider organisational restructuring, changing processes and procedures, the implementation of new technology, and revising how and what data and information the organisation gathers and processes. During this conference, you will hear about our Commission's experiences with the implementation of a risk-based framework. For now, I will only mention that we have been surveying the securities industry to gather data and recently performed some internal restructuring to better position the organisation for the transition to risk-based supervision. I am pleased to say that we now have a department dedicated to risk analytics and examinations.

This workshop is a timely one. Conversations concerning threats to the financial system throughout the Caribbean are important as we seek to identify existing and emerging risks.

Additionally, it is also imperative to understand how the role of the regulator is impacted with the implementation of risk based supervision. Finally, as the region was reminded following the CLICO debacle, we are increasingly interconnected, so the contagion of a destabilising event in one jurisdiction, in one significantly important financial institution, may have repercussions that reverberate in financial systems across the region.

Ultimately, you are embarking on an interesting two day journey as we discuss topics related to risk based supervision and enhancing financial stability in the region. This workshop promises to be exciting. I say that not only because it is taking place in The Bahamas, but because it is during these workshops that we are able to collaborate as regional regulators with shared experiences and challenges to gain new perspectives. Together we are all stepping out of our

comfort zones as we continue to move towards enhancing securities supervision and financial stability.

I have no doubt that each of you appreciate the potential value and impact of implementing a sound risk based approach to supervision, and of improving financial stability frameworks. So rather than spend another minute talking about how important it is I will make way for the discussions and conversations which will delve into more meaty, practical, technical, real-life issues surrounding these subjects. I pause, however, to thank the Caribbean Regional Technical Assistance Centre for its commitment to assisting us in navigating these critical issues including the technical training it continues to offer, and particularly for its sponsorship of this event, and making it possible for so many of our colleagues to participate in this 14th Annual CGSR Conference and Workshop.

Now, I formally open this conference and workshop and hope that your sessions go well during the upcoming two days.