



Securities Commission of The Bahamas

Securities Industry Act, 2011 and Investment Funds Act, 2003

Industry Briefing, 25 June 2014

British Colonial Hilton Nassau, New Providence
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Welcome Remarks Presented by:

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Introduction

On behalf of the Members, management and staff of the Securities Commission of The Bahamas, I extend a warm welcome to you our guests: Minister Halkitis, licensees and registrants of the Commission and other industry stakeholders.

Thank you for making the time to join us this morning.

This type of forum provides the Commission with an important opportunity to update the sector that we serve and the community in general on the work of the Commission, the regulatory framework and developments in the industry at large.

Further, it creates an occasion where the Commission can directly share information and engage with our stakeholders. The Commission is committed to holding such industry briefings annually.

Registration under the Securities Industry Act, 2011

Allow me to provide some statistical updates on registrants and licensees.

At December 31st, 2013, 136 firms were registered with the Commission under the Securities Industry Act. (SIA) The 136 firms represent a net increase of 8 firms, or 6.3 percent, as compared to yearend, 2012, when 128 firms were registered.

The number of individuals registered under the SIA grew significantly during 2013, increasing from 471 to 613—an increase of 30.1 percent.

Registration and Licensing under the Investment Funds Act

Under the Investment Funds Act, (IFA) there were 62 investment fund administrators operating at December 31st, 2013. That represented a net decrease of 1 from December 31st, 2012.

However, the number of licensed or registered investment funds increased from 652 at the end of 2012 to 753 at December 31st, 2013. This was the first annual yearend increase since 2008 and it is largely

attributable to growth in the number of SMART funds, which increased by some 32.8 percent from 326 at yearend 2012 to 433 at yearend 2013.

This growth continued into 2014 and at the end of May, there were 769 licensed or registered investment funds. We hope that this marks the beginning of a new trend of expansion in this sector.

ICON Fund

This past Monday, June 22, The Bahamas Financial Services Board (BFSB) held an industry briefing to present the Investment Condominium Fund (ICON Fund). The ICON fund, like the SMART fund, is an example of the industry's creativity and public/private sector cooperation.

The BFSB has been working on this proposed new product (the ICON Fund) with the support of the Ministry of Financial Services and the Securities Commission. In this regard, the Commission has prioritised development of a Bill to amend the Investment Funds Act to provide for the licensing of funds under the condominium structure.

I wish to pause here to thank a working group that the Commission had previously appointed to review the IFA. Known as the Investment Funds Act Technical Team, or IFATT, the group was co-chaired by Samantha Knowles-Pratt, of Delaney Partners, and Michelle Neville-Clarke, of Lennox Paton & Co. The IFATT recently presented the Commission with its Report. Amongst other things, the Report recommends the repeal and replacement of the Investment Funds Act.

The Commission is reviewing the Report but again wishes to note the hard work that was put into its production and to record our gratitude to the entire IFATT team.

The Disciplinary Rules

The Commission is working assiduously on several other legislative measures. I wish to highlight the proposed "Securities Industry Disciplinary (Hearings and Settlements) Rules". These Rules are aimed at efficiently and effectively addressing alleged breaches of securities laws (under both the SIA and the IFA) while, of course, ensuring that principles of natural justice are maintained.

The draft Rules are out for public consultation until July 9th, 2014. If you have not already done so, I encourage you to participate in the consultation process. The draft Rules have been posted to the Commission's website (www.scb.gov.bs). I invite you to visit the website and to review the draft Rules along with the consequential amendments to the Securities Industry Act needed to facilitate their implementation. Your collaboration with us on developing these Rules, and indeed any other law applicable to our industry, is critical.

Alternative Investment Fund Managers Directive

In relation to its external obligations, the Commission has successfully completed the first-phase requirements of the Alternative Investment Fund Managers Directive (AIFMD). AIFMD is a Directive of the European Parliament and Council of the European Union. By July 2013, the Commission had executed 21 Memoranda of Understanding with counterpart regulators in the European Economic Area.

Two more agreements were signed in the last quarter of 2013 and we are seeking to conclude arrangements with the regulators of the remaining jurisdictions this year, namely France, Germany, Spain, Italy, Cyprus, Austria, Slovenia and Croatia.

Internal Matters

To support these and other initiatives in which the Commission is engaged, the Commission is focusing on developing its human capital. Internal and off-site training to hone the soft and technical skills of the Commission's staff continue in earnest. By way of example, an inspections officer completed a secondment to a leading accountancy/audit firm in 2013.

This year, 67% of the persons who were hired by the Commission hold relevant graduate degrees and/or professional certifications. We plan to continue in this vein to ensure that the Commission has the human capital necessary to exercise its statutory mandate, namely, to provide holistic, balanced regulation that support the growth and development of the investment funds, securities and capital markets.

Welcome Remarks by Chairman Tonya Bastian Galanis
SIA/IFA Industry Briefing, 25 June 2014

Conclusion

We sincerely hope that our exchanges today meaningfully assists in moving the Commission further towards meeting that objective. We trust that this industry briefing is informative and benefits all who have made the effort to attend. Once again welcome.