

PRESS RELEASE

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FOR IMMEDIATE RELEASE

Minister Says Securities, Funds Industries Show Growth Trend

The investment funds and securities industries in The Bahamas have realised consistent growth in recent years, despite challenges to the offshore financial services sector, according to Minister of State for Finance the Honourable Michael Halkitis.

Minister Halkitis noted the growth at the Securities Commission of The Bahamas' (the "Commission") annual industry briefing for registrants and licensees under the Securities Industry Act and the Investment Funds Act. The Briefing was held at the British Colonial Hilton on 28 July 2016. In opening the briefing, Minister Halkitis said that although much of the offshore financial services industry is under pressure, the investment funds and securities industries locally have grown.

"Over a three-year period, from 31st December 2012 to 31st December 2015, we have observed an average annual growth rate of 10.8 per cent in the number of licensed or registered Bahamas based investment funds," the Minister said.

The Securities Commission also reported an annual average growth rate of 7.3 per cent in the number of registered securities firms over the same period, according to the Minister. Additionally, he said the number of individuals registered under the Securities Industry Act increased from 471 at yearend 2012 to 816 at yearend 2015.

Minister Halkitis also commented on the number of funds being structured as Investment Condominiums (ICONS) since the launch of the Investment Condominium Act, 2014.

"As of 30th June 2016, forty-two investment funds have been licensed using the ICON structure, an indication that the seeds of innovation in the sector are taking root, and a testament to the success we can achieve when industry stakeholders and their regulators work together in the interest of market development," Halkitis said.

The Commission's executive director, Ms. Christina Rolle, addressed the Commission's key priorities, which include the overhaul of the Investment Funds Act, the implementation of risk based supervision for its securities and investment funds constituents, and the development of rules for money lenders under the Financial and Corporate Service Providers Act. Rolle said that in order for risk based supervision to be implemented effectively, the Commission will have to drastically enhance data collection from licensees and registrants.

Rolle also mentioned the efforts of the global standards setter for securities regulation (International Organization of Securities Commissions) to improve enforcement cooperation among securities

regulators. In this regard, she noted that the organization is moving to the Enhanced Multilateral Memorandum of Understanding (E-MMoU).

The Commission, which is an 'A' signatory to the existing Multilateral Memorandum of Understanding, is technically already positioned to comply with the E-MMoU, according to Rolle. However, she noted there are provisions of the E-MMoU which may extend beyond the Commission's regulatory scope and as such may necessitate review of applicable legislation.

The Commission's Chairman, Mrs. Tonya Bastian Galanis, provided attendees with some updates on various legislative and regulatory matters including the promulgation of the Securities Industry Anti Money Laundering and Countering the Financing of Terrorism Rules, 2015 (AML/CFT) and the Securities Industry (Amendment) Regulations, 2015. Both important pieces of legislation were promulgated in December 2015.

This year's industry briefing included a panel discussion on Crowd Funding and a special presentation on Cyber Security – both topical and current issues potentially impacting the Commission, its constituents and the industries they operate in. Dr. Raymond C. Wells PhD, CEO of Carapace InfoSec Ltd. made the special presentation on cybersecurity. Mr. Keith Davies, CEO of BISX, and Christian Adderley, Compliance Manager, Securities Commission addressed crowdfunding.

Other presenters from the Commission gave an overview of activities in their areas and highlighted important observations arising from the Commission's surveillance of the industry. Key addresses were made by Ms. Odessa Gibson, Deputy Legal Counsel and Mr. Gawaine Ward, Enforcement Manager. Gibson spoke on the Commission's work to develop corporate governance rules while the Enforcement Manager spoke to the Commission's new penalty and settlement processes.

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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. That Act has since been repealed and replaced by new legislation. The Commission's mandate is now defined in the Securities Industry Act, 2011 (SIA, 2011). The Commission is responsible for the administration of the SIA, 2011 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 Services effective 1 January 2008, is also responsible for administering the Financial and Corporate Service Providers Act, 2000.

The Commission is mandated to: advise the Minister on all matters relating to the capital markets and its participants; maintain surveillance over the capital markets and ensure orderly, fair and equitable dealings in securities; foster timely, accurate, fair and efficient disclosure of information to the investing public and the capital markets; protect the integrity of the capital markets against any abuses arising from financial crime, market misconduct and other unfair and improper practices; promote an understanding by the public of the capital markets and its participants and the benefits, risks, and liabilities associated with investing; create and promote conditions that facilitate the orderly development of the capital markets; and perform any other function conferred or imposed on it by securities laws or Parliament.



Ms. Christina Rolle
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Minister of State for Finance the Hon. Michael Halkitis; Mrs. Monique Sands, Financial Controller