

Securities Commission of The Bahamas

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MEDIA RELEASE

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SCB: Financial and Corporate Services Providers Regulations Released for Consultation

The Securities Commission of The Bahamas (“the Commission”) announced today that it has released additional draft legislation for public consultation as a part of its initiative to modernize the regulation of financial and corporate service providers (FCSPs).

The legislation released for consultation includes the Financial and Corporate Service Providers (General) Regulations, 2018; the Financial and Corporate Service Providers (Application) Regulations, 2018; and the Financial and Corporate Service Providers (Fees) Rules, 2018. Each of the pieces of legislation are proposed to be subsidiary to the revamped Financial and Corporate Service Providers Bill, 2018, which completed the public consultation phase of its development on 1 September 2017. The Office of the Attorney General is presently reviewing the Bill.

The legislative framework governing FCSPs is being overhauled to establish a robust regulatory regime for the industry, in line with international standards and best practices. It aims to enhance the regulatory and oversight authority of the Inspector of Financial and Corporate Services (the Inspector), which the Commission was appointed effective 1 January 2008.

The framework will also clarify and establish clear and distinct categories of licensable financial and corporate services activities, establish appropriate standards of conduct and obligations for FCSPs and establish appropriate capital, financial and reporting obligations, commensurate with the services being provided.

The Financial and Corporate Service Providers (General) Regulations, 2018 will repeal and replace the prevailing General Regulations. Notably, the proposed Regulations introduce comprehensive requirements addressing the duties and obligations of licensees in the management and operation of their businesses, introduce expanded due diligence obligations for licensees, establish an expiration date for FCSP licences, and introduce a new licence format. The draft Financial and Corporate Service Providers (Application) Regulations, 2018 set out the form which applications pursuant to the new Bill will be required to take.

A draft Fees Rule was released for consultation in 2017. Based on the responses from the initial consultation process, the Rules have been amended. The revised fees may be found in the draft Financial and Corporate Service Providers (Fees) Rules, 2018.

The Commission invites the industry, stakeholders, and the general public to review and provide comments on the proposed legislation, which may be found on the Commission's website (www.scb.gov.bs) under the "Legislative Framework" tab. The consultation period is open until 30 April 2018.

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Editor's Information:

1. **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.**
2. **The Commission's mandate is now defined in the Securities Industry Act, 2011 (SIA, 2011).**
3. **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.**
4. **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.**
5. **The functions of the Commission are 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 (SIA, 2011, s.12).**