

Securities Commission of The Bahamas

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PRESS RELEASE

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**FOR IMMEDIATE RELEASE
10 JANUARY 2013**

Securities Commission of The Bahamas Achieves ‘A’ Signatory Status To IOSCO MMoU

The Securities Commission of The Bahamas (SCB) announced today that it achieved ‘A’ signatory status to the international benchmark document on cooperation and information exchange to fight cross-border fraud and securities violations.

The SCB successfully underwent the screening process to determine if the regulator had the requisite authority and willingness to gain the prestigious status of signatory to Appendix A of the International Organization of Securities Commissions’ (IOSCO’s) Multilateral Memorandum of Understanding (MMOU). Minister of State for Finance the Honorable Michael Halkitis made the announcement at the Ministry of Finance on Thursday, 10 January 2013.

“We are here today to inform you that the Securities Commission of The Bahamas has successfully completed the rigorous screening process and achieved the status of A signatory to IOSCO’s Multilateral Memorandum of Understanding,” said the Minister, adding that the accomplishment is indicative of the Commission’s dedication to its mandate.

“I hope this announcement speaks to the Commission’s commitment to maintaining the highest regulatory standards in its efforts to fulfill its mandated role of creating and promoting conditions that facilitate the orderly development of the capital markets,” Halkitis said.

Beyond signaling the SCB’s commitment to mutual assistance in detecting and deterring cross-border financial crime, many mutual fund professionals based in The Bahamas are looking forward to gaining access to marketplaces that are exclusive to ‘A’ signatories.

Minister of Financial Services, the Honorable Ryan Pinder, said the A signatory status would open access to Latin American securities markets, particularly in Panama and Brazil. He also highlighted its significance to the Bahamas International Securities Exchange (BISX).

Citing published remarks made by BISX CEO Keith Davies, Pinder said the future growth and development of Bahamian capital markets would depend largely on the introduction of a ‘true international side’ to the market. The attainment of the A signatory goes a long way to this end, according to Pinder.

The SCB is the Bahamian regulatory body responsible for oversight of the securities and capital markets and the investment funds industry, and is also the Inspector of Financial and Corporate Service Providers. It has been a member of IOSCO—the global standard setter for securities regulators—since 1996.

SCB Chairman Tonya Bastian Galanis signed the MMoU on behalf of the Commission, and said the recognition it confers demonstrates the SCB's commitment to its mission. She thanked the past and present Board, management and staff of the Commission for their efforts, acknowledging the work of former Executive Director Mr. Hillary Deveaux, under whose watch the Commission was added to Appendix 'B' of the MMoU. The 'B' signatory status indicates a voluntary commitment of the member to seek the legal framework in its jurisdiction necessary for compliance with the provisions of the MMoU.

Mr. Deveaux was followed by former SCB Chairman and Acting Executive Director Mr. Philip Stubbs, whom she said took up the charge of ensuring the SCB had the requisite legal authority to gain the A signatory status.

The SCB's current Executive Director Mr. Dave Shannon Smith ensured the continuity of the momentum to see the Commission receive the A signatory before year end 2012, Bastian Galanis said.

Bastian Galanis also thanked the private sector for the role it played in the push toward attaining the 'A' signatory status.

"It would be entirely remiss of me if I did not also acknowledge the great contribution to this venture that was made by private sector industry members and The Bahamas Financial Services Board," Bastian Galanis said.

"The BFSB has been firmly behind industry's push for Signatory 'A' status also from the early 2000s, working alongside the then Executive Director and Board of the SCB. It accelerated its advocacy on behalf of the industry once Latin America was identified as a key market and Brazil in particular was targeted for development of the funds and asset management industry in 2007."

The Bahamas Financial Services Board was represented at the Press Conference by its Chairman, Mr. Paul Winder.

The SCB began the move towards 'A' signatory status to the MMoU in 2002 and submitted its first application for the same on 23 May 2008. It was granted the status of signatory to Appendix B on 9 June 2009.

SCB Executive Director Dave Shannon Smith said key to the success of the application was the promulgation of the Securities Industry Act, 2011 (SIA, 2011) on December 30, 2011, particularly Sections 37 and 38 of the act.

SCB Legal Counsel Ms. Mechelle Martinborough elaborated on the substantial regulatory implications of those sections. She said Section 37 enhances the SCB's powers to obtain information requested by an overseas regulatory authority (ORA), except in cases where the information is protected by legal

professional privilege or other legal restrictions, and clarifies the circumstances under which any information provided by the SCB may be used by the ORA.

Section 38 allows the SCB to enter into Memorandums of Understanding (MoUs) to assist overseas regulatory authorities in carrying out the investigation, enforcement and supervision of duties, Martinborough said.

The provisions of the MMoU do not supersede local laws, although the introduction of the SIA, 2011 brought the laws on information exchange with other regulators concerning activities in the capital and securities markets up to the standards espoused in IOSCO's Principles of Securities Regulations that speak to co-operation in regulation.

Minister Halkitis congratulated the SCB on behalf of the Minister of Finance, Prime Minister the Rt. Honorable Perry Christie, including its Board, management team and staff, on the accomplishment. He recognized the SCB's Legal Counsel, Mechelle Martinborough, and the Commission's Senior Officer in the Office of Legal Counsel Omara Bingham for their effort in ensuring IOSCO's verification team were furnished with all responses to queries and requested information necessary to reach their decision.

The terms of the MMoU are accessible online through IOSCO's website.

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's 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.

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