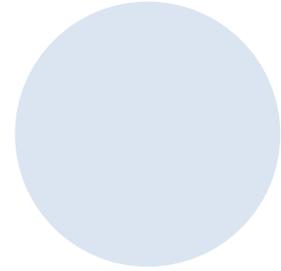

2010 STATEMENT OF PRIORITIES

SECURITIES COMMISSION OF THE BAHAMAS



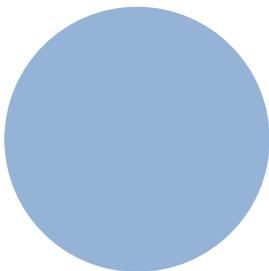
MANDATE

The Securities Commission of The Bahamas is mandated to formulate principles to regulate and govern the investment funds, securities and capital markets; maintain surveillance over the markets ensuring orderly, fair, and equitable dealings; create and promote conditions to ensure the orderly growth and development of the capital markets; and advise the Minister generally regarding investment funds, securities and capital markets.



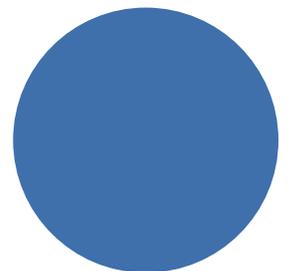
MISSION

To effectively oversee and regulate the activities of the investment funds, securities and capital markets, to protect investors while strengthening public and institutional confidence in the integrity of these markets.



VISION

A vibrant, competitive financial services sector that has sound regulatory practices and policies that promote confidence.



INTRODUCTION

The Securities Commission of The Bahamas (the Commission) seeks to adhere to global standards of securities regulation, specifically the protection of investors, and ensuring that fair, efficient and transparent markets are maintained. Within this regulatory framework, the Commission undertook planning of its ongoing operational activities and foreseen special projects for 2010-2012. Driven by its vision and the scope of activities identified as necessary to reach that vision, the Commission embarked on a strategic planning exercise.

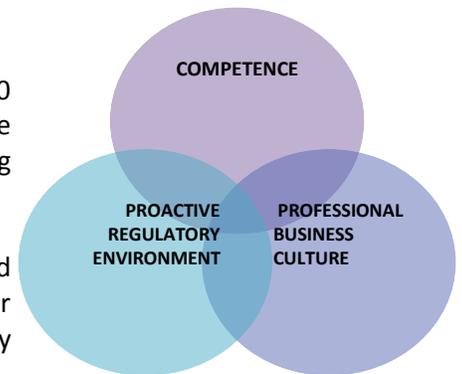
The outcome of the strategic planning exercise is a set of priority programmes and projects deemed necessary for achieving success over the three-year horizon. Based on priorities assigned to those programmes and projects, and the resources available for the 2010 fiscal year, an operational plan for the first year of the planning period has been produced.

This **Statement of Priorities** sets out the goals of the Commission for 2010 and how we plan to achieve them.

STRATEGIC DIRECTION

In light of the status of the goals pursued in 2009, those carried over to 2010 and beyond and the continuing challenge of a shortage of resources, the Commission was compelled to develop an innovative approach to achieving operational success within its shortage of resources.

We are confident that this approach will craft the building blocks for success and that the strategic direction should result in an organisation that is respected for its competence, professional business culture and proactive regulatory environment.



CRITICAL SUCCESS FACTORS

In order to reach our targeted direction, it was agreed that three critical success factors are necessary. Those factors are Teamwork; Quality Human Resources and Efficient and Effective Execution of tasks.

GOALS AND CHALLENGES

Three important variables could not be fully factored into planning at this stage. These are:

1. The timeline for the consolidation of financial services regulatory bodies;
2. The effective date of the new securities legislation; and
3. The implementation of recommendations resulting from various consultancies.

Given the uncertainty of the factors above, the Commission decided to use a narrower three-year strategic planning period as opposed to a five-year period so as to increase its flexibility to adapt to operational and structural changes.

Another limiting factor was the severe impact of the budgetary constraints imposed for the 2010 fiscal period. Consequently, the initial comprehensive plan that had been conceptualised by the Commission was revised, resulting in a number of critically important and high valued projects being deferred to later periods.

The six strategic goals for 2010 are detailed below.

Goal 1

REVIEW THE OPERATIONS OF THE COMMISSION

The Commission recognised the need for an Enterprise Risk Assessment of the institution. It was originally anticipated that this review would be staggered over the three-year period. However, funding limitations led to the deferral of the project. Notwithstanding, the Commission, through a redefinition of the scope of the project phases was able to address a number of the core elements albeit indirectly through other initiatives. Namely, the internal pre-FSAP review of the securities industry as well as internal audit reviews.

The second element of the assessment is to review the markets we regulate and the associated risks. Together, with a formal survey of the industry planned for later this year and, more succinctly, through the enhancement of the market surveillance program and improved relations with registrants and licensees it is expected that a deeper understanding of the markets we regulate will be developed.

GOAL 1	PROJECT ELEMENTS
<p>Review the operations of the Commission to identify areas of risk and required improvements.</p> <p>To achieve this end we will:</p>	<p>(1) Carry out integrated risk assessment initiatives – assessment of the external environment (the markets we regulate and associated risks).</p>
	<p>(2) Implement recommendations arising from risk assessment initiatives.</p>

Goal 2

ENHANCE INTERNAL SYSTEMS AND THE WORK ENVIRONMENT

This goal involves reviewing areas such as core human resource tools that motivate and engage staff through initiatives such as enhanced team-building programmes, enhancing communication tools and enhancing performance evaluation tools.

GOAL 2	PROJECT ELEMENTS
Enhance internal systems and the work environment to support employee relations. In order to achieve this goal, we specifically plan to:	(1) Enhance Team Work Initiatives
	(2) Enhance Performance Evaluation Tools
	(3) Improve communication

Goal 3

ENHANCE GOVERNANCE OF THE COMMISSION

A key component of this goal is the development of a comprehensive corporate governance structure at the Board level and throughout the organization. This should include appropriate Board policies, adequate delegation of authorities, clear mandates for all departments and supportive policies and procedural documentation.

GOAL 3	PROJECT ELEMENTS
Enhance the Governance of the Commission To achieve this we will:	(1) Review Code of Ethics for Staff
	(2) Update internal departmental procedures and other documentation (ongoing)
	(3) Improve transparency through regular reporting and publications

Goal 4

IMPROVE EFFICIENCY OF THE COMMISSION

This is a multi-fold goal that involves improving database systems, targeted training programs and support systems to foster streamlined and better work practices.

Improving database systems includes identifying the statistical information that should be maintained to facilitate surveillance, inspections, investigations and enforcement programs, provide statistics to fulfil international requests and reporting requirements.

Targeted training programmes are the cornerstone of success as we concentrate on technical skill development at the management, professional and administrative levels within the Commission. The training programmes include a combination of solutions such as 'train the trainer' and self-learning.

The remaining elements underscore internal support systems to ensure efficiency in communicating with the industry. These are the information technology systems and the website.

GOAL 4	PROJECT ELEMENTS
Improve Efficiency of the Commission To achieve this end, the Commission will:	(1) Improve database systems to support regulatory and statistical functions
	(2) Concentrate on technical skills development
	(3) Enhance network and user support tools within the Commission
	(4) Re-Vamp Website

Goal 5

IMPROVE THE LEGISLATIVE FRAMEWORK OF THE COMMISSION

The Commission anticipates that the new securities legislation will soon be promulgated. The draft legislation is a significant departure from the existing Securities Industry Act, 1999 and will revolutionise current regulatory dynamics as the entire licensing structure will change.

Other key components of the new legislation include an improved enforcement framework, updated provisions related to public companies and enhanced exchange of information provisions.

The Commission will be partnering with key stakeholders in the industry to conduct a comprehensive review of the Investment Funds Act, 2003 and the Financial and Corporate Service Providers Act, 2000.

GOAL 5	PROJECT ELEMENTS
Improve the Legislative Framework of the Commission	(1) Conclude development of new SIA and SIR legislation
	(2) Conduct a comprehensive review of: a. FCSPA b. IFA

Goal 6

ENSURE CONSISTENT, HIGH STANDARDS OF ONGOING OPERATIONS

The Commission is faced with several priorities that will dominate its operations in 2010. These priority areas have been integrated into ongoing operations for the year. They include the planning and execution of the implementation of the new securities legislation, the remedial actions required as a result of the internal pre-FSAP review, changes to the database and other systems that support regulation, operations, and improvements to processes as a result of internal audits.

GOAL 6	PROJECT ELEMENTS
Ensure consistent, high standards of ongoing operations	(1) Securities Industry Act Implementation
	(2) FSAP: Execution of Action Plan to eliminate gaps in the regulatory framework.
	(3) Consolidation of the Financial Services Regulators



The Securities Commission of The Bahamas (“the Commission”) is a statutory body established in 1995 pursuant to the Securities Board Act, 1995, which was repealed and replaced by the Securities Industry Act, 1999 (the SIA). The Commission is responsible for the administration of the SIA 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 Service Providers effective 1 January 2008, is also responsible for administering the Financial and Corporate Service Providers Act, 2000.

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