SECURITIES COMMISSION OF THE BAHAMAS

OUR APPROACH TO ENFORCEMENT

A PUBLIC STATEMENT OF THE SECURITIES COMMISSION OF THE BAHAMAS' ENFORCEMENT APPROACH

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1. Why the Commission Enforces

The Securities Commission of The Bahamas enforces the laws it administers to protect investors, preserve the integrity of the financial markets in and from The Bahamas, and ensure that misconduct carries certain, proportionate and dissuasive consequences. Wrongdoers should not profit from misconduct: the Commission seeks to remove the benefit of a contravention in every case, through disgorgement, restitution and related orders, in addition to any penalty.

2. The Commission's Enforcement Tools

The Commission selects the proportionate response from a full range of tools: public warnings and its Investor Alert List; directions to comply; conditions and restrictions on registration; administrative penalties; orders in the public interest, including prohibitions, suspensions and revocations, disgorgement and restitution; settlements; disciplinary proceedings before an independent Hearing Panel; court action, including orders freezing property; referral of suspected criminal conduct to the Royal Bahamas Police Force; and cooperation with regulators in other jurisdictions. Escalation is not automatic - the Commission applies the tool the conduct warrants.

3. How Matters Begin and How the Commission Decides

Enforcement matters arise from the Commission's supervision and examinations, complaints, market surveillance, intelligence, disclosures from within the industry, and the Commission's own monitoring of unlicensed activity. In deciding what action to take, the Commission considers the gravity of the conduct, harm to investors, whether the conduct was deliberate, the person's history and cooperation, and the deterrent value of action. Where a firm has contravened the law, the Commission also considers action against the individuals responsible - directors and officers who authorised, permitted or acquiesced in the contravention.

4. Settlements and Penalties

Sanctions and/or penalties that are resolved by Settlement Agreement, are published in full. Penalties are computed on a structured, published methodology: the benefit of the contravention is removed first; a base penalty is set by the seriousness of the conduct; it is adjusted for aggravating and mitigating factors and for deterrence; and persons who resolve matters early, or who genuinely assist the Commission, receive discounts. Early resolution attracts a meaningful reduction; obstruction and concealment aggravate.

5. Fairness and Your Rights

Persons under investigation or facing proposed sanctions have the rights the law provides: notice of proposed penalties and the opportunity to make representations before a penalty is imposed; the right to counsel; a hearing before an independent Hearing Panel where a matter is contested; internal review of certain decisions; and appeal to the Supreme Court from final decisions. The Commission conducts investigations confidentially and does not comment on open matters.

6. Publication

The Commission publishes its enforcement outcomes - penalties, settlements and final decisions - with full reasons and the names of those responsible, save in the exceptional circumstances its publication policy describes. Published outcomes are annotated with the result of any appeal. The Commission also publishes annual enforcement statistics.

7. Reporting Misconduct

Anyone may report suspected misconduct or unlicensed activity to the Commission through its published complaints channel or the reporting channel accompanying the Investor Alert List. Persons within the industry who disclose wrongdoing are handled with strict confidentiality under the Commission's protected-disclosure arrangements. The Commission does not adjudicate private disputes or award compensation; its complaints guidance explains where such matters can be taken.