SECURITIES COMMISSION OF THE BAHAMAS

GUIDANCE NOTES

COMPLAINTS HANDLING BY LICENSEES AND REGISTRANTS

PUBLISHED DATE: 1 SEPTEMBER 2026

This publication is available at www.scb.gov.bs.

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PART A: INTRODUCTION, STATUS AND APPLICATION

1. Introduction

1. The Securities Commission of The Bahamas (“the Commission”) issues these Guidance Notes on Complaints Handling by Licensees and Registrants (“the Guidance Notes” or “this Guidance”) for all regulated persons that deal with clients. Fair, prompt and honest handling of client complaints is a core indicator of a regulated person’s conduct, culture and systems and controls, and a standing input to the Commission’s supervision.

2. This Guidance reflects international sound practice, including the standards of the International Organization of Securities Commissions (“IOSCO”) on complaint handling and redress for retail investors, and comparative supervisory practice internationally.

2. Purpose and Status

1. The purpose of this Guidance is to:

(a) set out the Commission’s expectations for the complaints handling arrangements that regulated persons maintain in respect of complaints from their own clients;

(b) explain how the Commission supervises against those expectations and what evidence of effectiveness it will look for; and

(c) explain the interaction between a regulated person’s own complaints process and the Commission’s complaints process.

2. This Guidance informs the exercise of the Commission’s supervisory judgement. It does not create rules and does not displace any specific requirement of the securities laws or subsidiary legislation. Failure to have regard to this Guidance is, however, relevant to the Commission’s assessment of a regulated person’s systems and controls and may attract supervisory or enforcement attention.

3. Application and Proportionality

1. This Guidance applies to every regulated person that deals with clients. Arrangements should be proportionate to the nature, size and complexity of the business: a sole practitioner’s procedure will properly be simpler than that of a large multi-licence firm, but the core expectations (accessibility, prompt acknowledgement, fair investigation, a reasoned final response, records, and learning from complaints) apply to all.

PART B: GOVERNANCE AND ARRANGEMENTS

4. Ownership by the Board and Senior Management

1. The Commission expects the board of directors and senior management of a regulated person to own the complaints handling arrangements: to approve the complaints procedure; to receive complaints management information; and to satisfy themselves that complaints are handled fairly and that recurring causes are remediated. Complaints handling should not be treated as a purely administrative function.

Commission's Expectations: Governance

– A documented complaints procedure approved by senior management.
– Evidence that complaints management information reaches senior management.
– Evidence that senior management has acted on patterns or recurring causes.

5. Documented Procedures

1. Every regulated person that deals with clients should maintain a documented complaints handling procedure, proportionate to its business, addressing at minimum: channels of receipt; acknowledgement; investigation; the final response; timeframes; record-keeping; escalation; and root-cause analysis.

6. Disclosure to Clients

1. Clients should be told clearly, at onboarding and on request, how to complain and to whom. The disclosure should be in plain language and readily accessible, and should not impose unnecessary formality as a condition of making a complaint.

PART C: HANDLING AND RESOLVING COMPLAINTS

7. Acknowledgement

1. Complaints should be acknowledged in writing within five business days of receipt. The acknowledgement should identify a point of contact and indicate when the complainant can expect a substantive response.

8. Investigation

1. Complaints should be investigated fairly, promptly and on the available evidence, by persons of sufficient seniority and, where practicable, independence from the conduct complained

of. The investigation should consider not only the individual complaint but whether it indicates a wider failing affecting other clients.

2. Complaints should be assessed on their substance. A complaint should not be rejected, or given lesser treatment, solely because it uses a template, was submitted through a representative or as part of a coordinated campaign, or resembles other complaints received. Related complaints arising from a common event may be investigated together, provided each complainant receives an individual final response addressing their own position.

9. The Final Response

1. A final written response should be provided within 40 business days of receipt. Where that is not possible, a holding response should explain the delay and state when the final response is expected.

2. The final response should address the substance of the complaint, state the regulated person's conclusions and any redress offered, and inform the complainant of any further avenues available, including complaint to the Commission. Appendix A sets out the minimum contents the Commission expects.

Commission's Expectations: Handling and Resolution

- Acknowledgement in writing within five business days of receipt.
- A final response within 40 business days, or a reasoned holding response stating when the final response is expected.
- Final responses that address the substance, state conclusions and any redress, and inform the complainant of the right to complain to the Commission, with its contact details (Appendix A).

PART D: RECORDS, ANALYSIS AND MANAGEMENT INFORMATION

10. Complaints Register

1. A complaints register should be maintained recording each complaint, its subject matter, key dates, and outcome, in a form capable of production to the Commission on request.

11. Retention

1. Complaint records, including correspondence and supporting documentation, should be retained for a minimum of seven years.

12. Root-Cause Analysis

1. Complaints should be analysed periodically for patterns and recurring causes, with findings reported to senior management and remedial action taken where patterns emerge. A regulated person that treats each complaint in isolation, without asking what it reveals about products, processes or conduct, is not handling complaints effectively.

13. Management Information

1. Senior management should receive periodic complaints management information covering volumes, themes, timeliness against the standards in this Guidance, outcomes and redress, and the status of remedial actions.

Commission's Expectations: Records and Learning

- A complaints register capable of production to the Commission on request.
- Complaint records retained for a minimum of seven years.
- Documented root-cause analysis with senior-management visibility and completed remedial actions.

PART E: SUPERVISION, EFFECTIVENESS AND CONSEQUENCES

14. Supervisory Use of Complaints Information

1. The Commission may require a regulated person to produce its complaints register, individual complaint files, and evidence of root-cause analysis, and may test complaints handling arrangements through authorisation review, ongoing supervision and examinations. Complaints data, including complaints made to the Commission about the regulated person, is an input to the Commission's risk assessment of the entity.

15. Consequences of Inadequate Arrangements

1. Failure to maintain adequate complaints handling arrangements, or to deal with complaints honestly and promptly, is a systems-and-controls concern. It is reflected in the entity's risk assessment and may attract supervisory action, including remediation requirements and intensified monitoring, or, where warranted, enforcement action.

16. Interaction with the Commission's Complaints Process

1. Where a complainant approaches the Commission without first complaining to the regulated person, the Commission may direct the complainant to the regulated person's internal process in the first instance, while retaining its record and monitoring the outcome. This does not apply where the matter warrants immediate supervisory attention.

2. A complaint made to the Commission about a regulated person is handled under the Commission’s Complaints Handling Framework and Procedure. The Commission’s processes are confidential; a regulated person contacted by the Commission in connection with a complaint should respond promptly, honestly and completely, and should not treat the existence of a complaint as a ground for adverse action against the complainant.

APPENDIX A: MINIMUM CONTENTS OF A FINAL RESPONSE

A final response should, at minimum:

(a) identify the complaint and the matters investigated;
(b) set out the regulated person's findings on the substance of each matter;
(c) state the conclusion (upheld, partially upheld, or not upheld) with reasons;
(d) state any redress or remedial action offered, and how to accept it;
(e) inform the complainant that, if dissatisfied, they may complain to the Securities Commission of The Bahamas, with the Commission's contact details; and
(f) be dated and issued by or under the authority of a person of appropriate seniority.

APPENDIX B: KEY TERMS

Term	Meaning
Business day	A day other than a Saturday, Sunday or public holiday in The Bahamas.
Complaint	An expression of dissatisfaction, made orally or in writing, by or on behalf of a client, concerning the conduct or services of the regulated person, where the complainant alleges actual or potential harm, detriment or breach.
Final response	The regulated person's written response concluding its consideration of a complaint, meeting the minimum contents in Appendix A.
Holding response	A written interim response, issued where the final response cannot be provided within forty (40) business days, explaining the delay and stating when the final response is expected.
Management information	Periodic reporting to senior management on complaints: volumes, themes, timeliness, outcomes and redress, and the status of remedial actions.
Redress	Compensation, restitution, correction of an account or transaction, or any other remedy offered to a complainant.
Root-cause analysis	The periodic analysis of complaints to identify the underlying causes of recurring issues (in products, processes, systems or conduct) so that they can be remedied, rather than treating each complaint in isolation.
Regulated person	A person licensed or registered by the Commission under the Securities Industry Act, 2024; the Investment Funds Act, 2019; the Financial and Corporate Service Providers Act, 2020; or the Digital Assets and Registered Exchanges Act, 2024.