

# SPECIAL REPORT: THE BAHAMAS

LIGHTING THE WAY TO CHANGE



BAHAMAS  
FINANCIAL  
SERVICES BOARD



# CONTENTS

News • Analysis • Video • Features



# CONTENTS



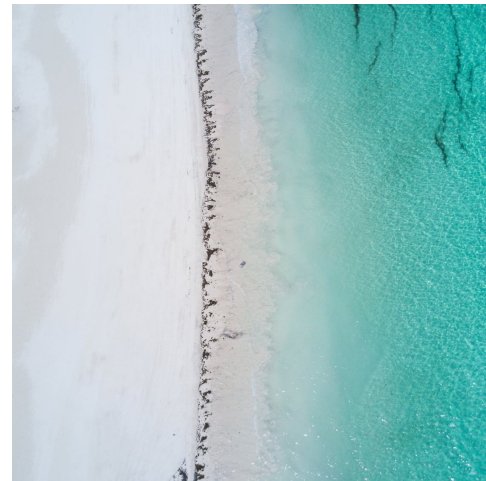
## INTRODUCTION

**Gary Robinson introduces this special report on The Bahamas financial services industry**



## VIDEO INTERVIEWS

**A series of exclusive interviews filmed at the BFSB's 2019 IBFS event held in Bimini**




## THE CLEAR CHOICE

**The Bahamas' international financial services value proposition**



## DIGITAL ASSET REGULATION

**How The Bahamas is building trust in crypto-currency**



# THE Bahamas CLEAR CHOICE

INNOVATION  
EXPERTISE  
LOCATION  
REGULATION

The Bahamas has always sought to provide superior financial products and services and a world class client experience in a well regulated environment. It has proven itself to be nimble and responsive to global changes – always mindful of the need to adhere to international standards.

This is complemented by the fact that the Bahamas is not only somewhere that offers bespoke private wealth management, it is also a beautiful location to call home.

Go to [www.bfsb-bahamas.com](http://www.bfsb-bahamas.com) to see why our advantage is your business opportunity  
or call The Bahamas Financial Services Board for more information (242) 393.7001  
or email [info@bfsb-bahamas.com](mailto:info@bfsb-bahamas.com)





# CONTENTS



## THE BAHAMAS INVESTMENT FUND

**Setting out a structure for future growth**



## A CLEAR CHOICE FOR FAMILIES

**Outlining the options for family offices**



## BAHAMIAN TRUSTS AND FOUNDATIONS

**Putting your trust in solid foundations**



## WORK, LIVE, PLAY

**A guide to residency in The Bahamas**





Providing trusted expertise in the private wealth practice for more than 60 years, Graham Thompson is a recognised leader in high net worth client services. Our corporate, financial and wealth services include:

- Banking law
- Corporate and commercial law
- Family office and family lifestyle planning
- Immigration
- Investment funds
- Securities law
- Securitization and capital markets
- Trust and estate planning and structuring

info@gtclaw.com | [www.grahamthompson.com](http://www.grahamthompson.com)

#### **NASSAU**

P.O. Box N272  
Nassau, NP  
The Bahamas  
T: 242-322-4130  
F: 242-328-1069

#### **LYFORD CAY**

P.O. Box N272  
Nassau, NP  
The Bahamas  
T: 242-362-4020  
F: 242-362-4810

#### **FREEPORT**

P.O. Box F42451  
Freeport, GB  
The Bahamas  
T: 242-351-7474  
F: 242-351-7752

#### **PROVIDENCIALES**

P.O. Box 965  
Providenciales  
Turks & Caicos Islands  
T: 649-339-4130  
F: 649-339-1069



# CONTENTS



## FXPRO

**The global online broking giant outlines why The Bahamas is the perfect fit**

# CONTACTS

**Publisher/editor:** [Christopher Copper-Ind](#)

Tel +44 (0) 20 3727 9937

**Head of Video & Ezines:**  
[Gary Robinson](#)

Tel +44 (0) 20 3727 9938

**Editorial director:** [Jonathan Boyd](#)  
Tel +44 (0) 20 3727 9922

**Correspondent:** [Pedro Gonçalves](#)  
Tel: +44 (0) 20 3727 9937

**Managing director:** [Louise Hanna](#)  
Tel +44 (0) 20 3727 9939

**Chairman:** [Nicholas Rapley](#)  
Tel +44 (0) 20 3727 9939

*Imagery:* [iStockPhoto.com](#), [Shutterstock.com](#)

# SAVE THE DATE...

**International Investment has announced six new categories as part of a relaunched International Investment Awards to celebrate their 20th year.**

The II Awards will now take place on **Wednesday 16 October 2019**, at Gibson Hall in the City of London.

The new categories, in a full list of 20, are: **Excellence in International Private Banking, Best Fintech Innovation, Excellence in Fintech, Best Family Office, Excellence in Client Service (regional), International Campaign of the Year.**

Christopher Copper-Ind, publisher of International Investment, said:  
"International Investment has grown rapidly in recent years, and our coverage and partners are no longer solely defined by fund managers and fund products.

"IFAs and wealth management remain central to our coverage, yet this is increasingly being joined by rising sectors such as fintech and AI, and a broader international focus on asset management, private banking, citizenship and expatriate issues.

[Click here](#) to view the full list of categories and the judging panel.





*It is by **anticipating**  
and **acting** that  
we stay the course.*

Designed and built by daring and visionary navigators the Gonet Monofoil is a concentrate of innovations foreshadowing the future sail boats of the America's Cup.

 Monofoil Gonet



**GONET BANK & TRUST LIMITED**  
NASSAU, THE BAHAMAS  
T + (1242) 676 6200  
[WWW.BANKGONET.COM](http://WWW.BANKGONET.COM)

**GONET**  
BANQUIERS 1845



# INTRODUCTION

A calm amid the stormy waters





**“HAVING LOOKED HARD AT THE CHANGING GLOBAL BACKDROP, THE BAHAMAS HAS EMERGED STRONGER, WISER AND WITH BOOSTED CREDIBILITY”**

– Gary Robinson, Head of Video & Ezines, International Investment

---

## STANDARD BEARERS

When the 28-nation EU set up the so-called list of non-cooperative jurisdictions for tax purposes in December 2017, the inclusion of The Bahamas sent shockwaves throughout a thriving industry.

Second only to tourism, in terms of revenue and employment, financial services is vital to The Bahamas. Unlike some far-flung offshore havens, where brass plaques are more commonplace, here there is a significant infrastructure of professional services, business centres and thousands of people that rely on financial services for their livelihood.

So when The Bahamas was not included on the latest European Union list, which was updated by the EU's Economic and Financial Affairs Council, there was some relief, but also much credit. Having looked hard at the changing global backdrop, The Bahamas has emerged stronger, wiser and with boosted credibility.

In this special report, we hear from many of the experts that The Bahamas can call upon. We also bring a host of exclusive video interviews taken at the recent annual BFSB event, held in Bimini.



**FxPro**  
Trade Like a Pro



McLaren

FxPro

F1™ TEAM OFFICIAL PARTNER

Trade with the

**WORLD'S  
#1 BROKER!\***

at [fxpro.com](https://fxpro.com)

5 official licenses

5-stars customer  
support

Free trading signals

Up to 7000 orders executed per  
second

\*Based on 60+ International & UK Awards

Trade Responsibly: Trading CFDs involves significant risks. FxPro Global Markets Ltd is authorised and regulated by the SCB (license no. SIA-F184).





## EXPERT VIEWS

Videos interviews from the 2019 BFSB International  
Business & Finance Summit (IBFS)



## HIGHLIGHTS OF THE BFSB INTERNATIONAL BUSINESS SUMMIT 2019

The Bahamas Financial Services Board hosted its annual International Business & Finance Summit (IBFS) at the Hilton Resorts World Bimini on 28 February through 2 March 2019. Click above to watch a short highlights video and click on the right arrow to view more in-depth interviews.



## **LINDA BEIDLER D'AGUILAR, GLINTON SWEETING O'BRIEN**



**In this video, shot at the recent IBFS event in Bimini, The Bahamas, Linda Beidler D'Aguilar, Partner at Glinton Sweeting O'Brien discusses that advantages that The Bahamas can offer family offices and investment companies.**

## **TANYA MCCARTNEY, BAHAMAS FINANCIAL SERVICES BOARD**



**In this video, Tanya McCartney, CEO of The Bahamas Financial Services Board introduces some of the highlights of the BFSB 2019 IBFS event in Bimini.**



Assisting our clients with intelligent,  
compliant planning since 2005.

Knowledge | Expertise | Service | Solutions

[gsolegal.com](http://gsolegal.com)  
Nassau | Albany

Photo by Colin Ruggiero



## **DIEGO ZULUAGA, THE CATO INSTITUTE**



**A guest panelist Diego Zuluaga, policy analyst at Washington-based US think tank The CATO Institute, discusses the need for and future look of offshore financial centres and how The Bahamas sits within this ever-evolving world.**

## **BRENT SYMONETTE, THE BAHAMAS GOVERNMENT**



**In this video, BFSB video - Tanya McCartney, outlines why a collaborative approach between government, the private sector and outside partners brings a 'cutting edge' to the region.**

## JOHN DELANEY, DELANEY PARTNERS



**John Delaney of Delaney Partners explains how a mix of historical expertise alongside an evolving financial services structure allows The Bahamas to continue to thrive.**

## ANTOINE BASTIAN, GENESIS



**Antoine Bastian, managing director, Genesis Fund Services outlines how the emergence of Smart fund in recent times has given The Bahamas the edge. He also talks about forthcoming proposals that will further boost the use investment funds in the region.**



The background of the advertisement features a blue-toned image. On the left, there is a faint line graph representing a stock market or fund performance. On the right, there is a stylized globe showing the Americas. The company name and services are overlaid on the left side of the image.

# GENESIS<sup>™</sup>

FUND SERVICES

FUND ADMINISTRATION  
REGISTRAR & TRANSFER AGENCY  
CORPORATE ADMINISTRATION  
CORPORATE ACCOUNTING

## We grow with you!

GENESIS FUND SERVICES LIMITED | 308 EAST BAY STREET | NASSAU, BAHAMAS | T: 242 502 7020 | [INFO@GENESISFUNDSERVICES.COM](mailto:INFO@GENESISFUNDSERVICES.COM) | [GENESISFUNDSERVICES.COM](http://GENESISFUNDSERVICES.COM)

## **ALIYA ALLEN, GRAHAM THOMPSON**



**In this video interview Graham Thompson's Aliya Allen explains the emergence and growing importance of financial technology (fintech) and how this “natural evolution” will allow the region to flourish.**

## **MICHAEL ALLEN, HIGGS & JOHNSON**



**Michael Allen, Higgs & Johnson, discusses the potential impact that updating the aviation register will bring and how the connection between financial services and aviation can boost business on both fronts.**



# Going beyond.

*Legal Advice & Service from a Team you can Trust.*

Operating from two of the world's leading international financial centres, HIGGS & JOHNSON offers sound legal counsel and business insight to discerning clients around the globe.



HIGGS & JOHNSON  
Counsel & Attorneys-at-Law

A full service corporate and commercial law firm | THE BAHAMAS | CAYMAN ISLANDS | [www.higgsjohnson.com](http://www.higgsjohnson.com)



# THE CLEAR CHOICE FOR INTERNATIONAL FINANCIAL SERVICES

Tanya McCartney presents The Bahamas' value proposition



# THE BAHAMAS: THE CLEAR CHOICE FOR INTERNATIONAL FINANCIAL SERVICES

*Tanya McCartney* argues that The Bahamas' strong regulatory regime and its historic determination to ensure its integrity as an international financial centre, as evidenced by its most recent commitments, reflect the mindset of a jurisdiction focused on protecting and cultivating its key assets. Regulation, as it relates to international initiatives, is the canvas upon which The Bahamas' wealth management expertise, innovative client-centric products and services and unique geographic tropical location combine to make it an increasingly clear choice for institutions and individuals seeking a premier provider of financial services

International financial centres such as The Bahamas play an important role in the global economy. Its very nature of being an effective and neutral environment has resulted in it developing to accommodate international trade. Jurisdictions such as ours create a global environment conducive to foreign direct investment, job creation and global economic development.

The Bahamas is one of the world's leading jurisdictions for legitimate financial services.


For many, banking and wealth management outside of one's home country is simply good business and wise investing for several reasons:

- Multi-national and multi-generation families and family businesses find that siting some of their assets in a strong trust law jurisdiction is appropriate for long term preservation and transmission of wealth.
- Keeping assets in a jurisdiction less exposed to expropriation, capital controls, and civil unrest is an excellent risk mitigation technique, particularly if one's home country has a history of political or financial instability.
- International banking and wealth management centres may possess superior products and services, compared to what is available domestically.

Considering the various international initiatives impacting financial centres such as The Bahamas it is imperative that we articulate our legitimacy as a responsible, well- resourced, compliant international financial centre focused on real international business with economic substance and committed to the highest possible standards of service delivery, transparency and cooperation.

## **A SHARED COMMITMENT**

Financial services are the second most important industry in The Bahamas after tourism. Successive governments have recognised the importance of financial services to country's continual economic and social development. The industry's viability



# THE Bahamas CLEAR CHOICE

INNOVATION  
EXPERTISE  
LOCATION  
REGULATION

The Bahamas has always sought to provide superior financial products and services and a world class client experience in well regulated environment. It has proven itself to be nimble and responsive to global changes – always mindful of the need to adhere to international standards.

This is complemented by the fact that the Bahamas is not only somewhere that offers bespoke private wealth management, it is also a beautiful location to call home.

Go to [www.bfsb-bahamas.com](http://www.bfsb-bahamas.com) to see why our advantage is your business opportunity  
or call The Bahamas Financial Services Board for more information (242) 393.7001  
or email [info@bfsb-bahamas.com](mailto:info@bfsb-bahamas.com)





therefore is a demonstrated priority of both the public and private sectors, evidenced by:

- The responsiveness of legislative and regulatory solutions to market needs and demands.
- The swiftness with which these tools can be utilised.
- Consistency in the regulatory balance of ensuring the integrity of the industry while underpinning factors conducive to industry competitiveness.
- A government Ministry dedicated to Financial Services.
- Shared commitment in the promotion and development of the industry, distinctly, the Bahamas Financial Services Board (BFSB), funded by both the private industry and the Government of The Bahamas The Bahamas Financial Services Board (BFSB), launched in April 1998, represents an innovative commitment by the financial services industry and the Government of The Bahamas to promote a greater awareness of The Bahamas' strengths as an international financial centre.

## **FISCAL AND ECONOMIC STABILITY**

A 2018-year end mission by the IMF reported: "The the Bahamian economy continues to recover, with real GDP growth projected to reach 2.3% in 2018 and 2.1% in 2019"; and "The Fiscal Responsibility Law (FRL) will support the government's efforts to secure fiscal sustainability and put debt on a downward path."

The mission's report also noted:

- "The team welcomed the government's transparent recognition of accumulated arrears and the budgetary provisions to clearing them, as well as the plans to put in place robust expenditure control systems."
- "The banking system has strong capital and liquidity ratios, and banks have made progress towards improving asset quality."
- "The mission welcomed the government's firm commitment to a well-regulated international financial and business sector, and recognised the significant steps taken to increase compliance with international standards on Anti-Money Laundering."

## **TAX NEUTRAL, NOT A TAX**

**HAVEN** The financial services sector in The Bahamas has been impressively resilient and progressive amid the continued and sometimes challenging evolution of the global industry. In years past, "offshore" often seemed like a tainted word, given the attraction in considerable proportion, of tax avoiders and proceeds from illicit activity, to the world's international banking and trust business centres.

An era which unfortunately still sometimes casts a shadow on the continuing success and tremendous growth of legitimate business in private banking and wealth management, in well-regulated regimes like The Bahamas, where such practices have largely disappeared.

The jurisdiction has been and remains demonstrably and effectively unwelcoming to those seeking to engage in questionable and illegal activities. The Bahamas remains committed to a tax neutral platform which is defined as an environment in which profits and gains arising here are not taxed there, but where tax liabilities in other jurisdictions are not reduced.

## COMMON LAW JURISDICTION

The legal system in The Bahamas has been successful in facilitating a legislative environment that is effectively responsive to changes in market needs and demands, while also offering the certainty of common law.

As an independent nation with a financial services industry bolstered by a strong public-private sector partnership, legislative change in The Bahamas is efficient and timely in its responsiveness to the market shifts.

As a member of the Commonwealth of Nations, The Bahamas is a common law jurisdiction, with a legal system based on the system of England. The ultimate court of appeal for judgements issued by Bahamian courts is the Privy Council. This combination of advantages affords the jurisdiction a special balance to its legal identity.

## THE BAHAMAS ADVANTAGE

It is not by chance that The Bahamas is the most successful international financial centre in the Caribbean today. More than 80 years of thought, effort and co-operation have produced ideal

conditions for (Ultra) High Net Worth individuals, families and businesses to manage their wealth efficiently in comfort and style.

The country's mature financial services industry, established infrastructure, progressive government, tax neutral environment and luxury lifestyle have all been carefully cultivated to satisfy the specific needs of this most exclusive clientele. The many advantages of doing business in The Bahamas are as clear as the crystal waters surrounding the 700 islands of the archipelago:

**Strategic location.** The Bahamas is situated at the Crossroads of the Americas, just 65 miles off the east coast of Florida. It is an ideal hub for regional investment and business in the Eastern United States and Canada, and much of Central and South America.

**Political and economic stability.** The Bahamas has an outstanding record of political and economic stability, progress and stewardship. With more than 280 years of uninterrupted parliamentary democracy, It has been an independent nation since 1973, and retains a

Westminster-based system of Government and an English-based legal system.

**Wealth and asset management options.** The Bahamas offer owners of capital a broad choice of financial institutions that deliver myriad services including banking, private banking and trust services, investment fund administration, capital markets, investment advisory services, accounting and legal services, e-commerce, insurance and corporate and shipping registries.

**Physical resources.** The Bahamas has developed its land, premises and fit-for-purpose infrastructure with the singular focus of facilitating international business.

**Human capital.** The Bahamas has a highly educated local workforce and a long tenure in financial services excellence which has created a deep pool of skill and experience that is recognised and trusted worldwide.

**Investment policy and incentives.** The Bahamas is committed to building an environment in which free enterprise can flourish.



## INTERNATIONAL FINANCIAL SERVICES: OUR VALUE PROPOSITION

Four vital features at the heart of what distinguishes The Bahamas as an international financial centre of significance are: Regulation, Expertise, Innovation and Location.

Everything the Bahamas offers is defined by these four words. Everything that comprises The Bahamas value proposition and our continued success as a leading international financial services centre is guided by these four distinguishing factors.

### **Regulation: committed to compliance**

The strong regulatory regime that characterises the financial services sector ensures that the Integrity of The Bahamas as an international financial centre is maintained.

As a sovereign nation for more than 40 years, successive governments have consistently demonstrated the country's commitment to international best practices, cooperation in the administration of justice, international tax transparency, anti-money laundering and the countering of financial terrorism initiatives. Bahamian regulators are well regarded and active

partners with international peer groups and agencies. There is collaboration between government and private sector to ensure The Bahamas remains a well regulated, blue chip international financial centre.

The regulatory regime governing the financial services industry of The Bahamas embodies as they say, not only 'the letter' of international best practices, but indeed 'the spirit' of the overarching regulatory principles. The Bahamas' approach to the evolving international regulatory environment has been participatory and proactive, including the country's leadership in

# THE Bahamas

# CLEAR CHOICE

INNOVATION EXPERTISE LOCATION REGULATION



advancing the principle of a 'level playing field'.

Broadly, global regulatory initiatives have revolved around three issues: combating misuse of the financial system; making it more difficult to evade taxes; and increasing transparency.

Sweeping regulatory reforms in 2000 and continued measures to strengthen compliance, in step with international efforts, has characterised the jurisdiction's anti-money laundering/counter financing of terrorism (AML/CFT) regulatory structure.

Ongoing strengthening includes the jurisdiction's compliance and commitments to the Caribbean Financial Action Task Force (CFATF) and the Financial Action Task Force (FATF). The FATF's mutual evaluation report (MER) of The Bahamas was adopted in May 2017. In December 2018 in its 1st Enhanced Follow-up Report (FUR), the FATF acknowledged The Bahamas' progress in addressing certain technical compliance deficiencies which were identified in The Bahamas' MER. Favourable re-ratings were given on thirteen (13) recommendations.

In line with the global requirement, The Bahamas is also in compliance with the United States' Foreign Accounts Tax Compliance Act (FATCA), since 2014. The Bahamas is also a participant in The Multilateral Convention on Mutual Administrative Assistance in Tax Matters and is implementing The Base Erosion and Profit Shifting Initiative's Minimum Standards. Legislation was also passed in December 2018 to introduce substance requirements for commercial entities, eliminate preferential regimes and to ensure timely access to adequate, accurate and current beneficial ownership information.

**Transparent and cooperative.** Recently, compliance with the Organisation for Economic Cooperation and Development (OECD) and European Union (EU) criteria on tax governance has required The Bahamas to institute changes to the legal and regulatory regimes that govern its financial sector, in line with those applied globally. In doing so, the jurisdiction has been engaged in meaningful discussions with these international bodies and has drafted new legislation to ensure the achievement of the right balance of compliance with the international

standards, business and economic sustainability. This includes:

1. The passing into law the Multinational Entities Financial Reporting Act, which sets out a comprehensive framework for Country by Country reporting in line with the Base Erosion and Profit Shifting (BEPS) initiative.
2. The initiation of Automatic Exchange of Information (AEOI) with 35 jurisdictions (19 of which are EU jurisdictions), in accordance with the Common Reporting Standard (CRS), with the first exchanges having taken place in September 2018. The Bahamas has always been committed to complying with international best practice and has fared well in its phase two 'Peer Reviews' by the OECD's Global Forum. In fact, The Bahamas has been deemed "largely compliant" with the OECD's existing standard of exchange of information on request --the same rating G20 countries like UK, Germany, Canada and Australia. These measures and commitments send a loud and clear message to the international financial services' community that The Bahamas is serious about adhering to global



standards and remaining a clean and compliant jurisdiction committed to the principles of transparency and cooperation.

3. Addressing EU and OECD concerns with respect to economic substance, access to beneficial owner information and ring-fencing by the passing the following legislation in parliament in December 2018:
- (a) **Commercial Entities (Substance Requirements) Act, 2018.** This Act addresses EU concerns regarding entities having economic substance. The enactment of this substance requirement legislation, all companies carrying out, what is called “relevant activities” as defined in the Bill such as, banking, insurance, fund management, financing and leasing, shipping, distribution or service centre operations, headquarter operations and holding companies with relevant activities, will be required to demonstrate that they have a substantial economic presence within The Bahamas and that they engage in real economic activity. (b) **Beneficial Ownership Register Act, 2018.** The Register of Beneficial Ownership Bill allows for the establishment of a secure

search system for enabling every registered agent to maintain a database of required on the beneficial ownership of a legal entity for which it has responsibility. **(c) Removal of Preferential Exemptions Bill, 2018 to address the ring fencing concerns.** This legislation removes tax exemptions afforded to non-residents that are not offered to residents and with the coming into force of the Bill, we will be removing what the European Union terms as harmful characteristics of The Bahamas’ tax regime.

#### **Strong Anti-Money Laundering (AML) and Counter-financing of terrorism (CFT) Regime.**

The Bahamas has gone on record with its intention of attaining and maintaining “the very highest levels of conduct as a clean jurisdiction, complying with the highest standards to prevent the abuse of its financial system by money launderers and criminal elements”.

It has committed to satisfying recommendations coming out of the Caribbean Financial Action Task Force (CFATF), and Financial Action Task Force (FATF). Both internationally and regionally,

the significant efforts and achievements over the last 15 months to address concerns identified in its CFATF Mutual Evaluation Report has been acknowledged during this period the Attorney-General and the Task Force he leads have attained many of the goals they established post the 2017 publication of the country’s CFATF MER.

**Improved CFATF ratings.** To reflect the progress made by The Bahamas in December 2018, the CFATF has re-rated The Bahamas on the following recommendations:

- **Assessing risks and applying a risk-based approach** from partially to largely compliant.
- **2 – National cooperation and coordination** from partially compliant to compliant.
- **6 – Targeted financial sanctions related to terrorism and terrorist financing** from non-compliant to partially compliant.
- **10 – Customer due diligence** from partially compliant to compliant.
- **12 – Politically exposed persons** from partially compliant to compliant.
- **15 – New technologies** from partially to largely compliant.

- **17 – Reliance on third parties** from partially to compliant.
- **18 – Internal controls/foreign branches and subsidiaries** from partially to largely compliant.
- **23 – DNFBPs: other measures** from partially to largely compliant.
- **25 – Transparency and beneficial ownership of legal arrangements** have been re-rated from partially compliant to largely compliant.
- **30 – Responsibilities of law enforcement and investigative authorities** from partially compliant to compliant.

- **32 – Cash couriers** from partially to largely compliant.
- **35 – Sanctions** from partially to largely compliant.

The CFATF agreed to maintain the largely compliant for Recommendation 5, the compliant rating for Recommendation 21 and partially compliant rating for Recommendations 7, 8, 19, 22, 26, 27, 28 and 33.

#### **Expertise: private wealth management**

With an 80 plus year track record in financial services, few jurisdictions offer the wealth

management experience that The Bahamas has to offer. This heritage is the basis for the strong legal framework that has been cultivated for financial services, an investment climate that has been nurtured through years of maturity and a stable and predictable business environment anchored by the thousands of Bahamian wealth management professionals who work side-by-side with expatriate colleagues in the more than 250 financial institutions that call The Bahamas their home.

Private wealth management continues to be the centre stage for financial services in The Bahamas

# THE Bahamas

# CLEAR CHOICE

INNOVATION EXPERTISE LOCATION REGULATION





facilitated by a diverse suite of products of which banking and trust services are the centrepieces.

**Private banking.** Private banking in The Bahamas has come of age during the past decade.

The country's banking practices and standards, regulation and supervisory controls are now on par with that of the global banking community, while it continues to offer clients a high level of privacy and confidentiality.

Major legislative and regulative changes affecting the international financial community of The Bahamas, and a more sophisticated client base, have shifted the balance in favour of capital protection and growth, augmenting the region's traditional role as a tax haven.

With nearly 250 banks and trust companies located in The Bahamas, many of the world's largest and most prestigious financial institutions have taken advantage of the country's stable political and economic system to establish branches or subsidiary operations in the jurisdiction, to offer Private Banking services to

high-net-worth and ultra-high-net-worth individuals and families.

**Trusts.** Since the Industrial Revolution possibly the biggest generator of capital and the single greatest driver of wealth creation worldwide has been the private ownership of operating companies.

Families in business together, and the entrepreneurs who drive them are increasingly more sophisticated in terms of their investments, their strategies and their goals; their "footprint" is becoming more global, as family members cross borders and their businesses expand into new territories and technologies; they are increasingly concerned with wealth preservation and succession planning for both their businesses and their families.

In summary their lives and planning needs have become more complex.

As one of the most progressive jurisdictions in the world for innovative and premier trust legislation, The Bahamas provides a robust and fertile

environment for tailored structures that meet the most discerning needs of high net worth individuals and families.

In The Bahamas there is the ability to have perpetual trusts, protective trusts, trusts for purposes both charitable and non-charitable, private trust companies to administer the trusts of related settlers, trust substitutes like the foundation and pure governance structures, like the Bahamas Executive Entity.

The Bahamian trust is at once a model of robustness and flexibility. Trust legislation in The Bahamas always has been leading edge and is often used as the standard for other jurisdictions to follow. This propensity to be ahead of the curve in addressing the needs of the marketplace and providing practitioners with the right tools, especially for succession planning and the transfer of wealth through the generations, extends across the wealth management spectrum.

**The Bahamian foundation.** The trust is not a "one size fits all" solution, particularly in civil jurisdictions. More than 10 years ago The

Bahamas became the first common law country to add Foundation legislation thus creating a viable alternative planning tool for wealth planning and protection and reinforcing the jurisdiction's well-earned reputation for innovative structuring solutions.

**Bahamas Executive Entity (BEE) breaks new ground.** The Bahamas Executive Entity (BEE) provides a nimble and innovative approach to the dynamics of current wealth management needs. The BEE solves complex governance issues in fiduciary and wealth management structures, particularly with respect to share ownership in Private Trust Companies and identifying persons willing to act in any number of governance roles in wealth structures

**Captives added to private wealth offerings.** Captive insurance is another area of recent expansion.

The Bahamas is not a newcomer to captives. However, captives took a back seat during a period in which The Bahamas focused on developing wealth management, trust and estate planning.

This is certainly not the case now as the opportunity for captives to play a role in wealth management is undeniable.

Segregated cell legislation is a prime example of the Bahamas applying its focus on wealth management to the captive market. The Bahamas' cell legislation provides robust statutory protection to ensure that the assets and liabilities of each account are truly separate and distinct. Cell captives benefit from the natural economies of scale created within such structures and the regulatory regime in The Bahamas is a clear response to the demand for cost effective means of entering captive or self-insurance for small to medium sized enterprises while satisfying international standards.

**Deeply knowledgeable and skilled domestic workforce.** This skilled domestic base works alongside a talented core of expatriate experts in major international institutions and locally owned financial institutions, helps to shore up the industry's global presence while maintaining a strong domestic base. Taking these factors into account, with a broad base of knowledge of

products and an enviable track record of service in the business, the professional environment in financial services in The Bahamas is highly conducive to intellectual creativity. This has allowed for ongoing product and service innovations tailored to fit client needs and market demands.

### **Innovation: compliant client solutions**

Market responsiveness has long been a part of The Bahamas' DNA as a forward thinking IFC, and has been the basis of legislation creating innovative, client-centric products and services in a modern, compliant regulatory regime.

Such innovation can be seen in the country's evolving and often ground-breaking trust legislation. It has also thrust The Bahamas into the forefront of the investment funds industry with the introduction of SMART Funds and the Investment Condominium (ICON) fund.

**SMART funds.** Agility is clearly evident in The Bahamas' evolving investment funds sector which is beginning to attract spotlight attention by fund managers and has added a new dimension to the



jurisdiction's wealth management and advisory capability. The Bahamas recently has witnessed an upward trend in investment fund registrations which is indicative of the successful niche fund business the jurisdiction is building, largely on the back of the investment fund vehicle known as the SMART (Specific Mandate Alternative Regulatory Test) fund. Even with more institutionally-focused templates such as the SMART 7, Smart Fund Models (SFM) have been used as a cost-effective investment fund vehicle for families, family offices, and related investors.

The SMART fund concept was conceived in the spirit of truly risk-based regulation in recognition of the fact that depending on the structure of the investment fund, certain requirements could be tailored appropriately to fit the specific business case. This is justified by the cap on the number of investors that may invest in many of the templates. As a result, the regulation accommodates agreement by the investors to waive the production of audited financials in favour of semi-annual performance reports. The number and type of SMART funds remain an open opportunity, effectively creating a mechanism for

promoters to approach the regulator for approval of a specific business case and for that fund, if approved, to be allocated a risk based licensing and supervisory regime tailored for its use. This template then can be utilised by other funds, fitting the parameters and requirements of the template.

**A new ICON for funds.** The Bahamas has taken the lessons learned from the niche marketing success of the SMART Funds product and applied the same innovative approach in creating and introducing the ICON - the Investment Condominium Fund – to meet the specific needs of Brazilian investment managers and advisors, as well as Latin American managers more broadly.

It was this commitment to building products that benefit from cultural and legal familiarity that saw The Bahamas introduce foundations law in 2004 and the ICON builds upon this. The Bahamas Investment Condominium (ICON) provides an alternative legal structure for investment funds that, inherently, is familiar to those in Brazil and indeed those in countries which have similar civil law constructs. Plans are underway to develop a

similar product catering to other jurisdictions.

**Investment funds overhaul.** A complete overhaul of legislation governing investment funds' regulatory framework is nearing completion by the Securities Commission of the Bahamas (SCB). The overhaul includes an updated Investment Funds Act (IFA) as well as some forthcoming changes to the overall securities industry legislative regime.

It is anticipated that overhauling the IFA "will accomplish key improvements to the regulatory structure which will enhance The Bahamas' competitive appeal". The 2018 legislation contains key changes related to:

- Changes in the definitions of Bahamas versus non-Bahamas based funds.
- Changes in the triggers for licensing of funds.
- The ability to appoint international administrators without requiring that they be licensed.
- The introduction of licensing requirements for fund managers and regulatory oversight of custodians.

- The establishment of an Alternative Investment Funds Management Directive (AIFMD) regime with a view to The Bahamas qualifying for an EU Passport.

### **Location: live, work and play**

The unique geographical location of The Bahamas, 50 miles off the coast of Florida and positioned as the gateway to the wider Americas, is an undeniable advantage for The Bahamas.

In recent years, as more and more individuals have chosen to “follow their money” with respect to where they live and work, The Bahamas with its tropical environment has become the preferred choice for many who yearn for an excellent quality of life whilst being able to manage their financial affairs. Individuals, family offices and institutions will find a warm welcome when they come to The Bahamas as the country is committed to utilising its natural resources and cultivated assets to create an environment that is attractive to business and the enjoyment of life.

To meet the diverse and sophisticated tastes of travellers and residents alike, The Bahamas offers

something to suit every taste: rest and relaxation, family fun and entertainment, or adventure and exploration. With miles of natural sand beaches, out-door attractions, luxury resorts, golf, casinos, restaurants and shopping, there is no shortage of exciting things to do.

Gated waterfront communities packed with lifestyle amenities from golf and tennis to spas and marinas are attracting more second and third-home buyers from North and South America, Europe and the Far East.

One of the newest and most popular investment vehicles is the condotel, a condominium or single family residence that converts into fully-furnished, upscale accommodations, managed by a resort company and rented when not owner occupied.

Private islands are also available for purchase.

The Bahamas is a service economy accustomed to providing concierge residential management services for homeowners who are not in residence.

Direct flights are available to The Bahamas from 18 U.S. cities, Canada, the UK, Europe and Panama; and the country has numerous ports of entry and marinas.

Commercial passengers, private jets and goods shipped from Freeport enjoy pre-clearance to the United States. U.S. pre-clearance for commercial passengers also exists from Nassau.

The Bahamas has a number of excellent private schools in New Providence and Freeport, several of which have been internationally accredited by ECIS and NAIS, the two bodies that accredit the leading European and North American schools.

There are two major hospitals in New Providence and one in Grand Bahama, staffed by internationally-trained doctors capable of handling all major procedures. Medical facilities in the United States are also easily accessible from The Bahamas.

**Residency.** The Bahamas has a pathway to permanent residency (which is not the same as citizenship or tax residency). Permanent



Residency allows individuals to enter, live and work in The Bahamas. The Bahamas Government maintains a flexible immigration policy suited to the needs of international firms, individuals and families. Permanent residents can pass freely through Immigration and remain in The Bahamas for the number of days the permanent resident desires. Usually spouses and children can be endorsed on the permit for a one-time government fee.

Currently the investment threshold for economic permanent residence is \$750,000 BSD (the Bahamian dollar is on par with the US dollar) on resident property.

Permanent residency with the right to work in one's own business is usually suited to the individual with a family office or one who simply wants to manage investments or a business that does not interact with the Bahamian economy.

This status means that an individual automatically qualifies for the right to work in The Bahamas. With an investment of \$1.5 million BSD or greater there is an expedited application process.



"Annual residence" is another alternative of residency in The Bahamas and as the name suggests it is renewed annually. Applying for a "homeowners resident card" - while not conferring any of the privileges of permanent

resident, it does assist the holder to move freely through Immigration at any port of entry.

**Tanya McCartney is CEO and executive director, of the Bahamas Financial Services**

A photograph of the Christopher Columbus statue in the Bahamas, standing on a pedestal with the inscription 'COLUMBUS 1492'. The statue is flanked by two Bahamian flags. In the background is a pink building with white columns, and the scene is surrounded by lush tropical vegetation and a wide set of white stairs leading up to the statue.

# THE FUTURE OF DIGITAL ASSET REGULATION

How the Bahamas is building trust in crypto-currency





# DIGITAL ASSET REGULATION ON THE HORIZON IN THE BAHAMAS

*Aliya Allen* examines the problem of trust in electronic payments and the steps the Bahamas has been taking to reduce risk

Trust is an important factor in any transaction. Contractual promises are based essentially on trust, though we know that courts are available to help us enforce them. By the same token, digital payment systems (and, for that matter, any transactions) are based on trust. People, however, can be inherently untrustworthy – this is the sole reason why trusted intermediaries exist.

The urge to solve this problem of trust in electronic payments was the basis upon which Satoshi Nakamoto premised the White Paper that conceptualised Bitcoin; the technology used to make that currency viable was the original Blockchain.

The White Paper said that there was a need for a peer-to-peer digital payment system comprising a



Providing trusted expertise in the private wealth practice for more than 60 years, Graham Thompson is a recognised leader in high net worth client services. Our corporate, financial and wealth services include:

- Banking law
- Corporate and commercial law
- Family office and family lifestyle planning
- Immigration
- Investment funds
- Securities law
- Securitization and capital markets
- Trust and estate planning and structuring

info@gtclaw.com | [www.grahamthompson.com](http://www.grahamthompson.com)

#### **NASSAU**

P.O. Box N272  
Nassau, NP  
The Bahamas  
T: 242-322-4130  
F: 242-328-1069

#### **LYFORD CAY**

P.O. Box N272  
Nassau, NP  
The Bahamas  
T: 242-362-4020  
F: 242-362-4810

#### **FREEPORT**

P.O. Box F42451  
Freeport, GB  
The Bahamas  
T: 242-351-7474  
F: 242-351-7752

#### **PROVIDENCIALES**

P.O. Box 965  
Providenciales  
Turks & Caicos Islands  
T: 649-339-4130  
F: 649-339-1069

trust-less digitally distributed ledger (DLT), verified and confirmed by a cryptographic consensus and immutable in nature.

Paradoxically, the creation of a trust-less DLT actually restores trust and confidence between parties. The ledger that Nakamoto used is reliable and, because of the disintermediated trust model on which it is based, it is absolutely trustworthy.

## WHAT IS A BLOCKCHAIN?

A blockchain is a digital online ledger of transactions maintained by a decentralised network of computers around the world. These computers are called nodes. The ledger itself is just computer code which is universally and publicly accessible and can be displayed through many different graphical user interfaces. It is often described as pseudonymous – transparent but anonymous.

## CRYPTO-CURRENCY AND PROOF OF STAKE

A crypto-currency is generally a digital representation of a unit of value. When somebody 'mines' a unit of it, that unit is awarded to him when he validates a transaction on a blockchain

successfully. In terms of the validation of transactions, there are two different consensus mechanisms: (i) proof of work and (ii) proof of stake. When trying to 'prove work,' the 'miner' tries to solve computational puzzles/algorithms which, by design, he can only do by brute force, i.e. by trying all possible combinations. It is a slow and costly way of obtaining a financial reward. Proof of stake is a type of algorithm by which a cryptocurrency blockchain network aims to achieve a distributed consensus.

This digital representation of a unit of value can be transferred from one user to another without intermediaries. The 'price' or 'value' of a cryptocurrency is based on a rate of exchange at one of many cryptocurrency exchanges. This rate depends on various factors such as levels of adoption and demand.

Bitcoin, in particular, incentivises the miner through proof of work by awarding him new bitcoins each time he discovers or validates a new block. Bitcoin is limited in supply – there will only ever be 21 million Bitcoins in the world. In addition, there is a decreasing supply because the

number of bitcoins generated per block goes down by 50% every 210,000 blocks or every four years.

More than 80% of bitcoins have already been mined and by 2140 they will all have been. Mining is an energy-intensive, computing-intensive process and a computing-power arms race has begun as miners scramble to be the first to solve the problems that they face. Nobody knows how the miners of the future, faced with diminishing returns, will continue to be incentivised.

## CUSTODY

This digital representation of a unit of value can be 'stored' in a private wallet, but the 'wallet' is really a software programme accessible on or through a device such as a computer, tablet or phone. The programme holds the digital credentials or 'private keys' which the user needs to access his crypto-currency holdings online.

Crypto-currencies may be stored in different ways.

- **With a custodian.** The owner of some crypto-currency might entrust it to a crypto-



exchange which keeps his private keys for him.

- **Direct – private wallet – hot storage.** An online wallet is a software programme which holds the digital credentials or private keys required to access the user's cryptocurrency holding.
- **Direct – private wallet – cold storage.** This is an offline wallet (such as a software programme managed offline) which holds the digital credentials or private keys that the user needs to access his stash of cryptocurrency. This makes it less susceptible to hacks.

## A SOLUTION TO DE-RISKING?

We live in a world in which many countries, including small island states, are grappling with the phenomenon of 'de-risking,' i.e. large financial institutions ending or restricting their business relationships with clients (or categories of clients) in an attempt to avoid, rather than manage, 'money-laundering risk' and other forms of risk. Crypto-currencies are at once seen as a solution to the de-risking problem and as a major risk which, in turn, invites further de-risking.

There were early hopes that people might use crypto-currencies as bridge currencies in the style of BitPesa which facilitates money transfers to and from Nigeria, Uganda and Tanzania using bitcoin. The transfer of funds in a peer-to-peer settlement would seem to be immune to any de-risking measures.

Another proposed remedy is to use blockchain technology as immutable proof of the true risk profile of any institution. A distributed immutable database could create a shared repository of 'customer due diligence information', i.e. information about a specific customer's background, identity and finances. Compliance officers at correspondent banks that deal with the database could peruse it, paying special attention to the history of the relevant customers' transactions. The banks could then analyse these relationships in a truly risk-based way.

## ICOs – BOOM OR BUST?

Initial Coin Offers (ICOs) are essentially a means by which a start-up business raises funds, typically to develop an application or service, by accepting such funding for tokens issued on the

blockchain. There is typically a pre-ICO stage in which a private sale of tokens occurs. At this point, if the token has merit, early-stage venture capitalists and investment funds may participate and may receive preferential treatment because of the size of their investments. Tokens come in all shapes and sizes but can be divided loosely into three types.

- **Utility Tokens** – e.g. tokens which accord the holder a right to access the service or application, usually once the utility of the platform in question has been established.
- **Security Tokens** – e.g. tokens whose value is linked or backed by an underlying asset such as oil, gold or a company's shares, or which pays a defined or guaranteed return linked to the company's profits or the right to convert tokens into equity.
- **Payment Tokens** – e.g. tokens that people can use to settle payments.

In 2018, more than US\$12bn was raised in ICOs even though the values of tokens have decreased significantly and fewer ICOs are actually hitting their funding targets.

ICOs have truly democratised the process of raising funds. A person with a great idea can acquire all the funds he needs to put it into practice in a far cheaper manner than he would if he were financing it traditionally. However, it is thought that roughly 55 per cent of all ventures funded by ICOs are doomed to failure for a whole host of reasons including fraud, lack of experience, lack of talent, and unrealistic goals.

Generally speaking, the financial regulators of The Bahamas viewed the wave of ICOs, which peaked in 2016/2017, with a wary eye. Today, they appreciate the innovative nature and promise of blockchain technology but are worried that it might create problems for the financial system.

Nevertheless, in 2018 the Securities Commission, the Central Bank of The Bahamas, the Ministry of Finance and the Compliance Commission (which regulates 'gatekeepers' or, in the parlance of the Financial Action Task Force, Designated Non-Financial Businesses and Professions (DNFBPs) collectively asked themselves whether prudential regulation was necessary (or even feasible) for crypto-currencies.

---

**“SMART CONTRACTS ARE SELF-EXECUTING AND SELF-ENFORCING CONTRACTS MEMORIALISED IN COMPUTER CODE. FOR THEM TO BE VALID, THE LAW MUST STATE THAT ELECTRONIC TRANSACTIONS ARE VALID. THE BAHAMAS HAS BEEN QUITE FORWARD-LOOKING IN THIS REGARD”**

Aliya Allen, Graham Thompson

---

On 7 November 2018, the Central Bank published a discussion paper in which it proposed to limit the ways in which its domestic licensees might deal with the sector, the better to avoid systemic problems. It suggested that it should only allow them to 'sponsor/promote' initial coin offerings if they undertake no obligations on their balance sheets. It also proposed to forbid banks to accept deposits of crypto-assets from clients but to allow them to provide off-balance-sheet custody

services. This is interesting because crypto-asset custody is often referred to as the 'holy-grail' or 'missing link' that might help crypto-investments to become 'institutionalised,' i.e. to be used – and allowed to be used – freely by financial institutions of the old-fashioned type. It is an encouraging sign that the Central Bank, though conservatively, supports the idea of its licensees doing this.

The Securities Commission initially adopted a wait-and-see approach to the sector. To date, it has not issued any formal public pronouncements on the subject but has spoken to international experts about the regulatory landscape. It is interested in casting its regulatory net wider, with a view to encouraging development in the sector. Financial firms in the Bahamas are expecting to see some rules emerge for the registration/regulation of ICOs, wallet providers and crypto/digital-asset exchanges in the coming year.

The Central Bank has firmly disavowed the term 'crypto-currency' in favour of the term 'digital asset.' It does this to distinguish payment tokens

from fiat currency/legal tender, which can only be attributed to chattels, and money to which such character has been attributed by law, i.e. by or with the authority of the state.

It has expressed no firm view about whether or not to regulate utility tokens, but it should be noted that the Securities Commission wishes to make new rules for the registration of utility tokens, security tokens, and payment tokens.

The laws of many jurisdictions view digital assets as chattels or property rights that are represented by unique records on distributed ledgers. It should be noted that at present, because of the lack of a broad 'financial instrument test', most jurisdictions' laws do not automatically deem securities tokens to be securities.

If the Government of the Bahamas was to amend the Securities Industry Act 2011, securities tokens might be subject to the same disclosure laws as other commonly traded assets and white papers that precede ICOs might have to be registered within strict time limits before they are distributed.

## **AML/KYC STANDARDS**

It should be noted that the Financial Transactions Reporting Act 2018 and the Proceeds of Crime Act 2018 refer to virtual currencies as 'cash.' This means that a financial institution or DNFBP which is accepting 'cash' or deposits of virtual currencies, or otherwise facilitating their transfer and exchange, will have to comply with the two Acts, which might also apply to wallet providers and firms licensed under the Payment Systems Act. Of course, it is fully expected that the Securities Commission will pass rules to subject certain types of digital asset businesses to the usual anti-money-laundering and 'know your customer' standards.

## **SMART CONTRACTS**

Smart contracts are self-executing and self-enforcing contracts memorialised in computer code. For them to be valid, the law must state that electronic transactions are valid. The Bahamas has been quite forward-looking in this regard; the Electronic Transactions and Communications Act 2003 says that in the context of the formation of a contract, unless otherwise agreed by the parties, an offer and the acceptance of an offer may be

expressed by means of electronic communications. An 'electronic communication' is defined as information which is communicated, processed, recorded, displayed, created, stored, generated, received, or transmitted by electronic means. It should be noted that there are key exclusions from the standpoint of Bahamian law, including the creation, execution, amendment, variation or revocation of (i) a will or testamentary instrument; or (ii) a trust; or (iii) the conveyance of real property or the transfer of any interest in real property.

If a deed is required to be registered, or ought to be registered, to preserve priority in section 3 Registration of Records Act, it cannot be expressed or agreed electronically because of the methods of authentication on which the Act insists. Therefore, at least for the moment, it is not possible to transfer or convey real property located in The Bahamas by means of a blockchain. It is also not possible to have a self-executing will or trust from a Bahamian law perspective. Some day in the future, of course, this might change.

**Aliya Allen is a partner at Graham Thompson.**





# THE BAHAMAS INVESTMENT FUND BILL

Building a structure for future growth



# THE BAHAMAS INVESTMENT FUND BILL

The Bahamas is considered to be a pioneer, and once a leader, in providing investment fund structures within Caribbean. While today we may not have experienced the overall growth, in terms of number of investment funds established, as with some of our Caribbean competitors, I can say emphatically, and with assurance, that overall Bahamian investment funds have enhanced the total jurisdiction offering and have helped to make The Bahamas a clear choice for financial services in the region.

Product offerings of private banking, trusts planning and investment funds for clients within the USA, Latin America and Europe have been the bulwark of The Bahamas' financial services industry, and our political, our regulatory and our legislative regimes have always been dedicated to ensuring that The Bahamas continues to enhance, develop and grow its financial services sector.

As we look forward to the future for The Bahamas'

investment fund offering, the soon to be enacted Investment Funds Bill, 2019 (IFB), has been tabled in parliament with the deliberate intention to level the playing field of global fund services in The Bahamas. Per Section 2(a) of the IFB, the legislation seeks to *"modernise the regulatory framework for investment funds in The Bahamas to achieve international standards and best practices of the investment funds industry"*.

I think there are three key proposed initiatives of the IFB that will continue to enhance The Bahamas product offering greatly are the following:

- The removal of onerous governance burdens, currently placed on fund administrator under the Investment Fund Act, 2003 ("IFA"), will now be placed on funds directors (or trustees or general partners) and fund managers under the IFB;
- The role of fund managers and operators were

somewhat nebulous under the IFA and will now be clarified in the IFB; and

- The introduction of legislation for the cooperation Bahamian funds or fund managers with regard to the European Union of Alternative Investment Fund Managers and Directives (AIFMD), Alternative Investment Funds Managers (AIFM), Alternative Investment Funds (AIF) and AIFMD Custodians.

In the remainder of this article, we will summarily focus on the third enhancement to Bahamian investment funds and investment fund managers with current or intended business in the European Union.

## AIFMD

The impetus for the inclusion of AIFMD is simply because, as the European Union addressed the harmonisation of investor protection and marketing within their union through the AIFMD, the eventual elimination of non-EU jurisdictions, like The Bahamas, from participating and marketing to professional investors in the EU without the essential regulations and regulatory

# GENESIS<sup>™</sup>

FUND SERVICES

FUND ADMINISTRATION  
REGISTRAR & TRANSFER AGENCY  
CORPORATE ADMINISTRATION  
CORPORATE ACCOUNTING



## We grow with you!

GENESIS FUND SERVICES LIMITED | 308 EAST BAY STREET | NASSAU, BAHAMAS | T: 242 502 7020 | [INFO@GENESISFUNDSERVICES.COM](mailto:INFO@GENESISFUNDSERVICES.COM) | [GENESISFUNDSERVICES.COM](http://GENESISFUNDSERVICES.COM)



supervision was imminent. Therefore, the IFB is strategically drafted to make the appropriate legislative change that mirrors AIFMD and thus when enacted, should allow eligible AIFM, domiciled in The Bahamas, to market AIF to EU-based professional investors.

As an important pre-requisite to this initiative, the Securities Commission of The Bahamas (SCB), has established Memoranda of Understandings (MOU) with EU members through the supervision of the European Securities and Markets Authority (ESMA) on behalf of EU Member States.

These MOUs have been established with all EU countries, with the exception of Italy and Slovenia, and again was the first step of the harmonising The Bahamas and Bahamas' AIFM and AIF with regard to levelling the playing field.

Essentially when the Act is enforce, Bahamian AIFs should be treated in the same manner as EU domiciled funds and the marketing of Bahamian alternative investment funds, including hedge funds, private equity and real estate funds should be allowed in the EU.

---

## **“THE SOON TO BE ENACTED INVESTMENT FUNDS BILL, 2019 IS ANOTHER OF MANY FLUID ENHANCEMENTS THAT WILL CONTINUE TO MAKE THE BAHAMAS A CLEAR CHOICE FOR FINANCIAL SERVICES”**

---

Under the IFB, AIFM that are domiciled in The Bahamas and have inclination to market in the EU or manage EU domiciled funds from the Bahamas will have to be licensed by the SCB in accordance with Section 27 of the Bill, and in a manner prescribed by the SCB.

A central tenet of the IFB with regards to AIFMD, AIFM and AIF is that the SCB will be lawfully obligated to regard the rules of AIFMD in the oversight of the Bahamian based AIFM and ensure that the supervision is akin to that of EU Member States. Hence, among other information, quarterly reporting to ESMA will be statutorily required

where the Bahamian AIFM is marketing and/or managing an AIF in European States.

The IFB further requires the AIFM:

- to meet certain initial and ongoing capital requirements;
- implement operational policies;
- secure indemnity insurance; and
- provided reporting to the SCB.

Notwithstanding the requirement of AIFMD, the tenor of the IFB seeks to make the investment manager and therefore also the AIFM more responsible and accountable. According to the IFB, additional capital will be based upon a formula using the value of funds managed in a portfolio.

The required amount of indemnity insurance needed by an AIFM will be evaluated against risk and liability due to professional negligence.

In addition to the stricter requirements just stated, AIFM will have ensure that adequate and proper human and technical resources, proper internal controls, proper documented controls to safe

guard and protect electronic data processing, and sound books and records are kept.

Unprofessional investment managers on the whole, under the new IFB, will simply not be allowed in The Bahamas and certainly will not be able to prospect using Bahamas investment fund vehicles as marketing structures for European investors.

Notwithstanding the high level of regulation and supervision by the SBC, AIFM will be allowed to delegate some of the functions to a third party.

The AIFM must first justify to the SCB objectively why the delegation is required and after clear justification, the AIFM must demonstrate that the delegate has, not only the ability, but also the resources to perform the function or functions delegated. In addition, the delegate must be fit and proper and must be able to be supervised by the SBC without interruption.

Further, the AIFM must be able to monitor and give instructions directly to the delegate without any encumbrances and will need to be able to

revoke the delegation with immediate effect for and in the best interest of investors. Most importantly, the essences of the delegation cannot be a sham where the AIFM effectively becomes a “letter-box entity”.

The AIFM will be prohibited from delegating portfolio and risk management functions to an AIMFD custodian or to an eligible entity unless the delegate has “functionally and hierarchically separated its portfolio management or risk management functions from its other potentially conflicting functions, and the potential conflicts of interest are properly identified, managed, monitored and disclosed to the investors of the investment fund”.

In referring to the AIMFD Custodian, it is noted that the IFB further enhances The Bahamas’ offering by inclusion of legislation that defines this role.

For the purpose of AIFMD and per Section 91 of the IFB, only a) banks and trusts regulated by the Banks and Trust Companies Regulation Act (Ch. 316), b) person registered under the Securities

Industry Act, 2011, c) similar regulated entities, with ongoing supervision in a prescribe jurisdiction and d) AIFMD custodians authorised by a competent authority in a EU Member State, can perform as custodians under the new IFB. The IFB seeks to align custody rules for Bahamian AIF with those of EU AIF by clearly laying out provisions that deal with AIFM conflicts of interest, cash flow monitoring, compliance and delegation functions, and numerous reporting and compliance requirements to protect and safeguard the European Investor and the overall reputation of The Bahamas as a jurisdiction.

Overall, the IFB is a welcomed addition to The Bahamas’ financial services product offering. The enactment of the Bill will confidently put The Bahamas at a competitive advantage. The Bahamas has enjoyed the reputation of being a well-governed, well-regulated, well-respected and a highly educated jurisdiction with a dynamic, fluid, progressive legislative regime. The soon to be enacted Investment Funds Bill, 2019 is another of many fluid enhancements that will continue to make The Bahamas a clear choice for financial services.

# A CLEAR CHOICE FOR FAMILIES

Glinton Sweeting O'Brien's Linda Beidler D'Aguilar outlines the options for family offices



# THE BAHAMAS: THE CLEAR CHOICE FOR INVESTMENT FUNDS UNIQUELY SUITED FOR USE BY FAMILY OFFICES

As wealthy families seek to engage more closely and gain greater control over their financial and personal affairs, family offices have risen to play vital roles in the cohesive and coherent management of business interests in tandem with domestic and personal affairs.

A family office can serve as the umbrella under which a family's multitudinous affairs can be collected, organised and managed, as well as providing a structured and disciplined means by which to evaluate evolving opportunities and obligations as well as a forum for considering overarching objectives.

Creation of centralised control and responsibility for integral functions around the family's various interests and obligations provides stability over extended time periods. Family offices use a variety of tools to accomplish these goals, and this article

describes the benefits of using a Bahamian investment fund in this context.

## OPTIONS APLENTY

A family has a number of choices to make when considering its intergenerational planning, but whether a trust is established or not, an investment fund can be a savvy choice for holding and handling some or all of the family's assets. Because all open-ended funds established in The Bahamas must be licensed, and closed end funds may elect licensing, a licensed investment fund offers transparency to family members in light of the disclosure, reporting and accounting requirements arising under the relevant statutes. Further, Bahamian investment funds offer considerable flexibility in structure and in style.

There are no restrictions on the types of assets which may be held in an investment fund.

Therefore, in addition to 'traditional' investment assets such as stocks and bonds, interests in operating businesses, art or jewellery collections, yachts, planes and other non-financial assets can be held in an investment fund.

An investment fund need not have its shares or interests denominated in a single currency: instead, different classes of interests may be denominated in different currencies to accommodate bookkeeping and accounting where assets are disbursed across multiple currencies.

A family may also want the opportunity to divide interests in various assets according to the members' own requirements.

The flexibility inherent in a Bahamian investment fund permits a family to organise members' interests in a variety of ways, such as by:

1. grouping assets by type and placing each type of asset in a separate class;
2. grouping assets by currency and placing the assets into classes by currency; or
3. creating a class for each family member.



Assisting our clients with intelligent,  
compliant planning since 2005.

Knowledge | Expertise | Service | Solutions

[gsolegal.com](http://gsolegal.com)  
Nassau | Albany

Photo by Colin Ruggiero

In instances like (1) and (2) above, the shares in each class can be allocated between family members, with the opportunity to divide the interests in each class differently if so desired.

For instance, the family may wish to issue majority interests in a class holding an operating company to the family member(s) who are directly involved with the company. Alternatively, each family member can hold a class of interests in the fund as per (3) above, which would work particularly well in instances where the holdings are largely or exclusively stocks, bonds and the like.

It is also possible to select the type of investment fund used depending on the number of family members who will hold interests, and the level of disclosure and financial reporting that is thought to be necessary.

The most stringent requirements are imposed if the family elects to use a 'professional' fund, which must issue an offering document which includes the information prescribed by regulation and which must prepare audited financial

---

## **“A FAMILY HAS A NUMBER OF CHOICES TO MAKE WHEN CONSIDERING ITS INTERGENERATIONAL PLANNING, BUT WHETHER A TRUST IS ESTABLISHED OR NOT, AN INVESTMENT FUND CAN BE A SAVVY CHOICE FOR HOLDING AND HANDLING SOME OR ALL OF THE FAMILY’S ASSETS”**

**Linda Beidler D'Aguilar, Ginton Sweeting O'Brien**

---

statements on an annual basis for distribution to its investors and to the Securities Commission of The Bahamas.

Every investor in a professional fund must meet a number of basic qualifications as to income or assets, which is unlikely to pose any difficulties in a family office scenario.

A professional fund is therefore best suited to

circumstances in which highly disciplined reporting and disclosure is desired.

## **THE SMART MODEL**

Alternatively, it is possible to use a 'SMART' Fund model – SMART is an acronym for “Specific Mandate Alternative Regulatory Test” and a SMART Fund is an investment fund that utilises one of seven templates contained in the SMART Fund Rules which were expressly designed to permit innovative and flexible structuring of investment funds. Certain templates limit the number of investors, while others impose investor qualification requirements, either as to income or assets, or by amount invested.

Whatever template is chosen, though, there are two common elements: a SMART Fund need only issue a term sheet, and it need not produce audited financial statements on an annual basis. What are the resulting advantages?

A term sheet can be substantially simpler to produce than an offering document, and thus may be a more cost-effective approach to disclosure since the family can itself determine the contents.



And a SMART Fund is the ideal vehicle to use if the investment fund will hold illiquid or difficult to value assets, since it will not be required to undergo an annual audit. But, to facilitate transparency a SMART Fund is required to produce semi-annual performance reports to its investors – and investors could elect to have an audit done at a periodicity they set themselves.

Unsurprisingly, one important feature to consider if using an investment fund within a family office is the appointment of appropriate persons as its directors.

As investment instruments become increasingly complex and markets move more and more rapidly, the directors' qualifications for their role and their commitment to their role is critically important to the success of a family's investment fund.

At the same time, there is an increased focus on responsibility for investment strategy, risk management, accounting treatments and compensation, leading to pressure for decision-making at the highest levels of the company

---

## **“ONE IMPORTANT FEATURE TO CONSIDER IF USING AN INVESTMENT FUND WITHIN A FAMILY OFFICE IS THE APPOINTMENT OF APPROPRIATE PERSONS AS ITS DIRECTORS”**

**Linda Beidler D'Aguilar, Ginton Sweeting O'Brien**

---

rather than delegation to others, no matter how specialised their services or roles may be. This is reflected in a prescient decision handed down in December 2005, in which Justice Lyons of the Supreme Court of The Bahamas stated:

“The job of a director must be seen as ‘hands on’ and must be filled by persons with sufficient knowledge and skill so as to understand the business of investment. These directors must be expected to have at least a rudimentary understanding of the investment markets. They simply cannot rely on others (including trade advisors and investment managers) by leaving

everything to those persons without checking on them. ...[The] directors are expected to inquire of those persons who are directly handling the fund investments in such a way that it can reasonably be seen that they are overseeing these persons and service providers.” *Oceanic Bank & Trust Limited v. M J Select Global Limited (in compulsory liquidation)* [2005] 5 BHS J No. 520, ¶199.

Finally, managing a fund's investments, producing performance and management reports, keeping proper records and ensuring good governance requires the dedicated effort of qualified staff members in order to satisfy increasingly sophisticated and detailed requirements.

In The Bahamas, there are an abundance of skilled and dedicated service providers including accountants, attorneys, investment advisors, compliance professionals, managers and staff, who are readily available to assist. Moreover, The Bahamas' ready accessibility to major markets such as New York and Toronto, and close proximity to Miami, make it easy to access or recruit qualified external personnel operating in the same time zone as the investment fund.



# BAHAMIAN TRUSTS AND FOUNDATIONS REVISITED

Higgs & Johnson's Kamala Richardson explains how trusts in The Bahamas are built on solid foundations



# BAHAMIAN TRUSTS AND FOUNDATIONS REVISITED

In the face of ever-evolving international standards of regulation, the global landscape of financial services and wealth management is in a constant state of flux. This has never been more true than within the past two years as international financial centres (IFC) have had to adjust at almost break neck speed to the mandates of the OECD and EU which call for the substantiation of economic presence, removal of preferential tax regimes and for increased transparency in relation to corporate entities.

Largely, IFCs have responded by legislating to require corporate entities existing under their laws to have economic substance within their respective jurisdictions, to remove any preferential tax treatment non-resident owned entities may receive and to create beneficial ownership registers for those entities.

The Bahamas' response came, towards the end of 2018, in the form of the Commercial Entities

(Substance Requirements) Act, Removal of Preferential Exemptions Act and the Register of Beneficial Ownership Act.

As a result of increased regulation, naysayers of IFCs have questioned the continued utility of corporate entities in private wealth management. However, the diversity of The Bahamas' offerings in the wealth management sphere- which include trusts and foundations- will help it to remain a steadfast and key player in the international financial services and wealth management markets.

## TRUSTS AT A GLANCE

The Bahamian trust is a long standing fixture in the international wealth management market and is a favourite amongst trust practitioners the world over for asset protection. However, The Bahamas' history of recognising trusts is even longer. This history is deeply rooted in the ancient common law legal system of England.





# Going beyond.

*Legal Advice & Service from a Team you can Trust.*

Operating from two of the world's leading international financial centres, HIGGS & JOHNSON offers sound legal counsel and business insight to discerning clients around the globe.



HIGGS & JOHNSON  
Counsel & Attorneys-at-Law

A full service corporate and commercial law firm | THE BAHAMAS | CAYMAN ISLANDS | [www.higgsjohnson.com](http://www.higgsjohnson.com)

In modern times, much of the law relating to trusts in The Bahamas has been supplanted by innovative statutory reform. *The Trustee Act, 1998* (the “Trustee Act”) is the embodiment of that reform and provides the corner stone of Bahamian trust legislation. Although it is derived from the *English Trustee Act 1925*, the Bahamian Trustee Act has taken on a life of its own.

One innovative feature of the Trustee Act is its displacement of the rule in *Saunders v Vautier* by barring beneficiaries from terminating or modifying a trust if such action would defeat a material purpose of the settlor in creating the trust.

Additionally, the Trustee Act permits an extensive arrangement of powers to be reserved to the settlor (or to any other person for that matter) which is a marked departure from English common law.

This is particularly interesting in light of the English High Court’s recent decision in the case of *JSC Mezhdunarodny Promishlenniy Bank v Pugachev* (the “Pugachev case”) which declared that certain

---

**“THE TRUSTEE ACT, 1998 IS THE EMBODIMENT OF THAT REFORM AND PROVIDES THE CORNER STONE OF BAHAMIAN TRUST LEGISLATION. ALTHOUGH IT IS DERIVED FROM THE ENGLISH TRUSTEE ACT 1925, THE BAHAMIAN TRUSTEE ACT HAS TAKEN ON A LIFE OF ITS OWN”**

---

New Zealand law governed trusts were illusory because the economic settlor, Mr Pugachev was deemed not to have divested himself of his beneficial interests in the trusts’ assets, or, in the alternative that the trusts were a part of a sham which was intended to conceal Mr Pugachev’s control of the assets settled in them.

A key factor in the court’s ruling was that the terms of trusts reserved extensive powers to the Protector, who by design, happened to be Mr.

Pugachev, including the power to remove trustees with or without cause.

New Zealand law, as applied in the case, is similar to English law in that it does not recognise the concept of reserved powers; Bahamian law, on the other hand, does. The Trustee Act permits powers to be reserved to a settlor of a trust (or to any other person, such as a Protector), including the power to appoint the settlor as the protector of a trust and also the power to remove trustees, and provides expressly that a trust shall not be invalidated by reason of such powers being reserved to the settlor. Therefore, it is unlikely that the English court would have arrived at the same conclusion- and near impossible that a Bahamian court would have, if the trusts in the Pugachev case had been governed by Bahamian law.

The most recent amendments to the Trustee Act were made in 2016 and were made to re-assert the rule in *Re Hastings-Bass* which was eroded by the 2013 decision in the conjoined appeals of *Pitt v Holt* and *Futter v Futter* (“Pitt & Futter”).

In sum, the rule in *Re Hastings-Bass* allowed

trustees to apply to the court to void an exercise of their power where they either failed to take into account relevant considerations or took into account irrelevant considerations. However, in *Pitt & Futter*, it was decided that only beneficiaries could apply to the courts in these instances and that the exercise of power must involve a breach of trust by the trustee in order for the beneficiaries to do so. The 2016 amendments to the Trustee Act effectively removed these conditions where a Bahamian law governed trust is concerned, thereby preserving a useful means for trustees to unwind the unintended and harsh consequences that may flow from an exercise of their power.

The Trustee Act is underpinned by a cadre of supporting legislation. Notably, one such piece of legislation, the *Fraudulent Dispositions Act, 1991* forms the crux of the Bahamian asset protection regime. This Act limits when and in what circumstances a creditor of a settlor may claim against the assets of a trust.

Specifically, creditors are only permitted to claim against trust assets if the transfer of the assets to the trust was made at an undervalue, with an

intent to defraud creditors who would be prejudiced by the transfer. Only in these circumstances are creditors given a period of two years within which to bring their claims, otherwise their claims are statute barred.

While other IFCs, such as Cayman, Bermuda and Anguilla, have similar fraudulent disposition legislation, the limitation period under the Bahamas' legislation (i.e. two years) is significantly shorter, with Cayman's and Bermuda's limitation periods being six years and Anguilla's being three years. In light of this protection, a person embarking on a speculative business venture may insulate his or her assets from creditors ahead of time in the event that the venture fails.

The asset protection element of Bahamian trusts is also enhanced by the Trusts (Choice of Governing Law) Act 1989. This act clarifies the conflict of laws rules as they relate to Bahamian trusts and prevents the Bahamian courts from recognising or enforcing foreign judgements based on matrimonial or forced heirship claims made against the settlor or a beneficiary of a trust.

Effectively, attempts by any person, including a spouse of a settlor or beneficiary of a Bahamian trust, to attack the assets settled in that trust through the courts of a foreign jurisdiction would not be given effect to by a Bahamian court.

Another notable piece of supporting legislation is the *Rule Against Perpetuities (Abolition) Act, 2011* which abolished the requirement for a trust to have a perpetuity period. As such, trusts may exist in perpetuity. This enables settlors to make better provision for generations to come. Also, where a trust is a component in a commercial structure, it would be afforded the same potential to exist in perpetuity as a company within that structure.

## **RE-DISCOVERING THE FOUNDATION**

The foundation is a relatively new addition to The Bahamas' wealth management structure arsenal.

Foundations, although not strangers to Bahamian practitioners, were formally introduced to Bahamian law under the Foundations Act, 2004. The foundation is originally a creature of civil law, with similarities to both a trust and a company.



This becomes apparent when considering that foundations, under Bahamian law, may have beneficiaries like a trust and that they are separate legal entities capable of holding assets and being sued in their own name, akin to companies. The dualistic nature of the foundation therefore makes it an apt choice for a standalone entity, to hold and administer wealth for the benefit of a family, or for a component of an international estate plan, used to hold assets for investment and re-investment.

Under Bahamian law, a foundation is required to ensure that one of its main purposes is the management of the assets settled into it. Its primary purpose must be to carry out the wishes of its founder as set out in its constitutive documents (i.e. charter and/or articles). It may engage in commercial activities, such as the buying and selling of further assets, provided those activities are incidental or ancillary to the foundation's main purposes.

In a familial wealth management context, the main purpose of the foundation may be for instance: to provide for the financial welfare of

---

## **“OVER THE YEARS, THE BAHAMAS HAS CONTINUED TO ADAPT, AND RE-ADAPT, ITS WEALTH MANAGEMENT OFFERINGS”**

---

family members, inclusive of their maintenance and education. Therefore, the foundation, in order to ensure that it has assets to do this, may trade its assets to produce the necessary income flows. In a large commercial structure, the foundation may be used as holding vehicle for the shares of one or a number of companies.

The governance of a foundation can look very much like a company, with officers appointed to undertake its day to day management and decision making, much like company directors. In the alternative, where no officers have been appointed, the governance of a foundation is undertaken by a foundation council or other similar body. In addition, the founder of a foundation may reserve powers to himself or

herself, such as the power to appoint and remove officer or foundation council members, or to veto distributions of the foundation's assets, similarly to the reservation of powers permitted for Bahamian trusts.

Foundations are required to be registered with the Registrar of Foundations in The Bahamas and must have an initial endowment of assets valued at least US\$10,000 or the equivalent in another currency.

## **LOOK AGAIN**

Over the years, The Bahamas has continued to adapt, and re-adapt, its wealth management offerings, wherever possible, so as to keep abreast of changing trends in the financial services and wealth management landscape. Doing so has enabled its trust and foundation offerings, which are undoubtedly progressive and easily tailored to clients' needs, to take pride of place in the competitive IFC arena.

When considering options for international wealth planning, the Bahamian trust and foundation deserve heightened consideration.

# LIVE, WORK, PLAY

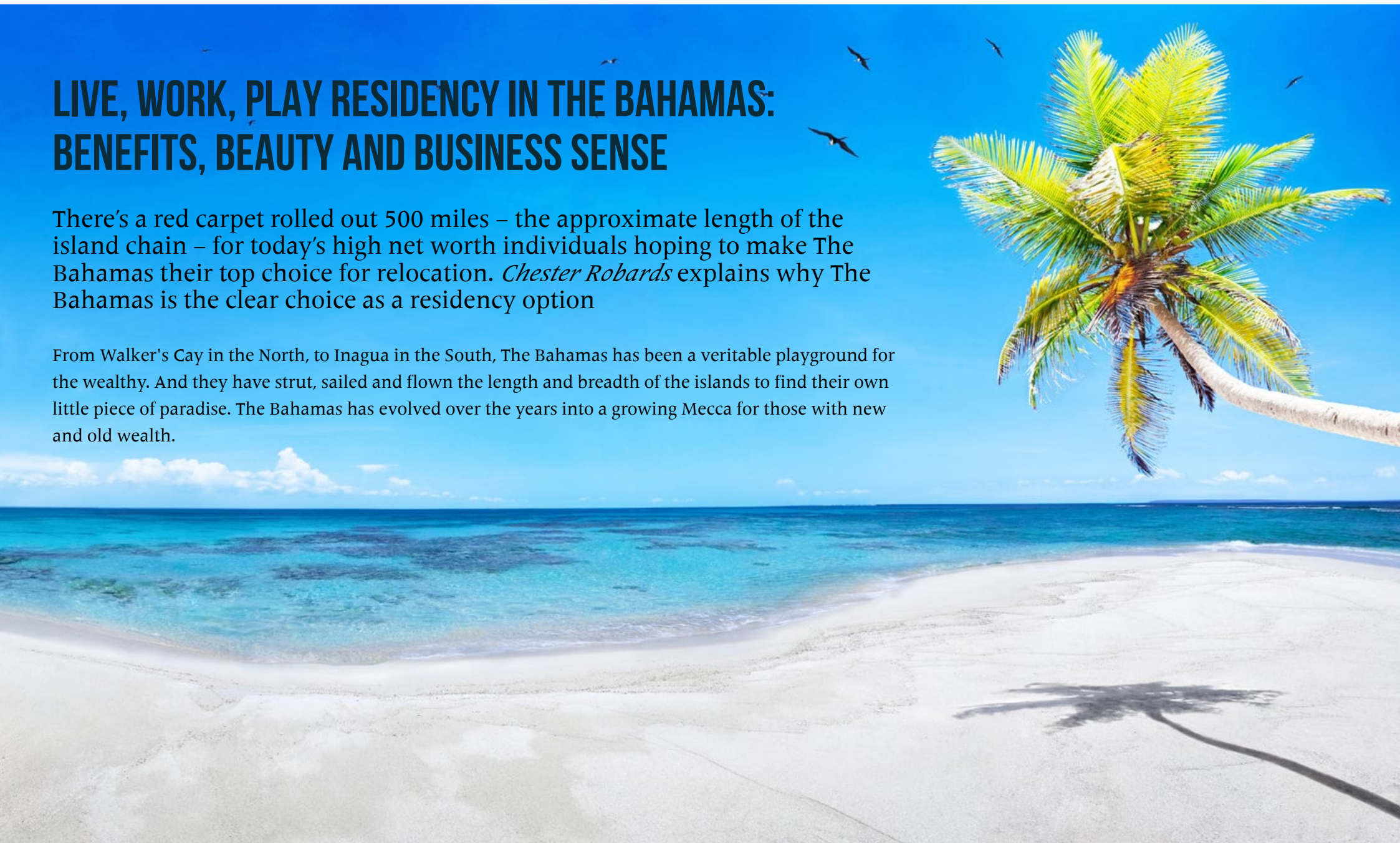
Residency in The Bahamas: benefits, beauty and business sense



# LIVE, WORK, PLAY RESIDENCY IN THE BAHAMAS: BENEFITS, BEAUTY AND BUSINESS SENSE

There's a red carpet rolled out 500 miles – the approximate length of the island chain – for today's high net worth individuals hoping to make The Bahamas their top choice for relocation. *Chester Robards* explains why The Bahamas is the clear choice as a residency option

From Walker's Cay in the North, to Inagua in the South, The Bahamas has been a veritable playground for the wealthy. And they have strut, sailed and flown the length and breadth of the islands to find their own little piece of paradise. The Bahamas has evolved over the years into a growing Mecca for those with new and old wealth.







*It is by **anticipating**  
and **acting** that  
we stay the course.*

Designed and built by daring and visionary navigators the Gonet Monofoil is a concentrate of innovations foreshadowing the future sail boats of the America's Cup.

 Monofoil Gonet



**GONET BANK & TRUST LIMITED**  
NASSAU, THE BAHAMAS  
T + (1242) 676 6200  
[WWW.BANKGONET.COM](http://WWW.BANKGONET.COM)

**GONET**  
BANQUIERS 1845

The development and growth of the international financial banking industry brought with it the promise of fresh investment, wealth management and estate planning options, among others things; however, it also meant high-net-worth individuals would begin to emigrate to the country of 700 islands and cays to engage in management and support in the operation of these companies. And as the country came into its own after independence, its laws and policies made it a favourable country for foreigners to invest and live.

Wealthy individuals and those with families consider relocating to tropical areas like The Bahamas for multiple reasons: quality of life, tax neutrality, attractive business environment, retirement, opportunities for business expansion, and the list goes on.

## **UNIQUE COMBINATION**

There are many jurisdictions promoting themselves to high net worth individuals, and enticing businesses to move their operations and headquarters. Countries like the United Kingdom, Monaco, Dubai, and Switzerland all have a

longstanding reputation of being attractive locales for business people and wealthy families. But each brings with it unique challenges including the inability to actually purchase property at competitive prices and a lack of tax neutrality.

The Bahamas offers the perfect combination of permanent residency (which should be distinguished from tax residency); first-world infrastructure; a well-regulated and reputable full-service international financial centre; and proximity to the United States and accessibility to parts of Europe through direct flights, that make this warm water destination one that cannot be rivalled.

The Bahamas does not have an investment for citizenship program. However with the purchase of a residence from \$750,000+, the acquisition of permanent residency is expedited. And there are many companies available to move the investor easily and seamlessly through this process.

The Organisation for Economic Cooperation and Development (OECD) does want to ensure that those who seek permanent residency in The

Bahamas have done so in accordance with the legal structure and process for residency in the country. And The Bahamas Government has been working diligently to ensure this is not a concern for permanent residents. Policy makers are currently developing a protocol that will clearly draw a distinction between permanent residency and tax residency – as these are clearly two separate constructs.

The Bahamas has a number of international financial institutions adept at managing the processes of attaining residency which is coupled with government's favourable, red carpet treatment of international investors, The Bahamas is a choice destination for high-net-worth individuals to manage their wealth, and carry out asset and succession planning all while living and playing in paradise.

The jurisdiction has no income, capital gains, or inheritance tax; an added incentive for the move to residency in The Bahamas. Families wanting to domicile their wealth in The Bahamas to take advantage of the country's suite of services, bolstered by Bahamian law and policy, and offered



by international banks and trust companies, have the benefit of first-class financial institutions.

The Bahamas is the only country in the Americas, outside of the United States and Canada that offers such a wide range of benefits to residency. Profits and gains arising in the Bahamas are not taxed here. However, where tax liabilities exist in other jurisdictions, these are not reduced.

## **HOSPITABLE REGIME**

Government, through its Commercial Enterprises Bill, has made it easy and convenient for businesses to domicile their headquarters or a sub-office in The Bahamas. Those headquarters benefit from the trimmings of a modern city in a locale that is authentically outfitted with island charm.

Grand Bahama is being postured as a mini Silicon Valley of the Caribbean. Abaco is still the boating Capital of The Bahamas. Cat Island has retained its old-world charm. Andros is still an unexplored giant. Harbour Island remains a playground for the rich and famous. And they are all at your disposal.



Old Fort Bay, The Bahamas

Wealthy individuals who, by beauty of relocating for work, retirement, or simply a change of lifestyle, have ever-growing options to choose from in terms of real estate. From Palm Cay (pictured above), Port New Providence, and

Treasure Cove in eastern New Providence to Old Fort Bay, Lyford Cay and Albany in the West, areas for upper middle-class to high-net-worth individuals are continuing to grow and be developed.



Those developments at the extreme ends of New Providence offer gated access, beach and canal access, at a range of prices for homes and vacant land. Of those, Albany, with residents like Joe Lewis, Tiger Woods, Justin Timberlake, just to name just a few, and Lyford Cay, home of Sir Sean Connery, are the most exclusive communities, with private golf courses, restaurants and mega yacht parking.

In between those most easterly and westerly of developments, have sprung places like One Cable Beach, Balmoral, Caves Point, Thirty Six on Paradise Island and the residences mixed into the Baha Mar property. Ocean Club is another high-end development, located on Paradise Island, where Oprah built her Bahamas home.

Still under development are projects like Goldwynn at Cable Beach, and the development that recently broke ground on Paradise Island, Sterling Hurricane hole.

Families are sure to find some of the best educational facilities in the region. Windsor High School, the Meridian School, and Lyford Cay

School are premier educational facilities for the children in western New Providence, while St. Andrews is strategically located near Palm Cay, Treasure Cove, and Port New Providence.

Minister of Tourism and Aviation Dionisio D'Aguilar said recently that the Caribbean is being developed into one of the most desirable places to visit, work, live and do business.



## **JUST SKIP PLAN 'A'**

The Bahamas, while clearly an excellent choice for business and wealth, is also replete with options on options for recreation, including sport fishing, boating, golfing, and beaching on some of the most pristine shores in the world.

World-class restaurants are resident in some of the most prestigious hotels in the Caribbean.

When in The Bahamas, there is access to numerous islands dotted with, unspoiled turquoise beaches. And with an average of almost eight hours of sunshine per day, the climate is always comfortable. And, of course, The Bahamian people have been heralded as some of the friendliest and welcoming people in the world.

There are many reasons to make The Islands of The Bahamas home. No matter what reason is cited for the move, one thing remains true, in a world where plan a 'B' is needed, The Bahamas is the right move to make.

**Chester Robards in collaboration with Gonet Bank & Trust Limited.**



# FIRST FOR BUSINESS

Why The Bahamas is the perfect fit for business



# REGULATION OF THE TRADING INDUSTRY: BEST PRACTICE

International financial institutions that see their core mission to provide the accessible services to the clients all over the world have to pay great attention to the legal aspects

## REGULATORY DIVERSIFICATION: WHERE IT BEGAN

Multi-regulation is an essential feature of the trading business and could be seen as a measure of the reliability. An established international company would always strive to legitimise its activities in any given region and ensure the highest protection for their clients' deposits before offering its product to the market.

Global online asset managers that are to be trusted and relied upon by their clients should offer services in jurisdictions with strict rules and procedures. It is good practice to look for new opportunities worldwide in order to expand the client's portfolio, and the Bahamas is a good destination to expand.

## WHY GLOBAL COMPANIES CHOOSE THE BAHAMAS

Professional market participants will appreciate a series of key advantages of this jurisdiction. E.g., the Bahamas has comparatively reasonable business rules and an impeccable reputation.

Moreover, the government is guided by the global Anti-Money Laundering Regulation, and strictly

---

**“It is good practice to look for new opportunities worldwide in order to expand the client's portfolio, and the Bahamas is a good destination to expand”**

---

adheres to Common Reporting Standards established by the OECD.

From an executive point of view, the Bahamas offer ample opportunities for effective marketing campaigns as well as an expansion of client-oriented service offering.

After the application for a license, it will be reviewed and undergo stringent processes checks by the regulator to recognise company's flawless business reputation and transparency.

The next step should be the local office launch. This prerequisite is understandable since the Bahamas license is in the A-class and can only be issued to companies with a developed infrastructure and official representation in the region.

## INTEGRATION OF THE BEST TRADING PRACTICE

International asset managers usually have a goal to provide traders with all the necessary top-notch tools. Under the Bahamas supervision, such modern platforms as MetaTrader 4, MetaTrader 5,





**FxPro**  
Trade Like a Pro



McLaren



FxPro

F1™ TEAM OFFICIAL PARTNER

Trade with the

**WORLD'S  
#1 BROKER!\***

at [fxpro.com](https://fxpro.com)

5 official licenses

5-stars customer  
support

Free trading signals

Up to 7000 orders executed per  
second

\*Based on 60+ International & UK Awards

Trade Responsibly: Trading CFDs involves significant risks. FxPro Global Markets Ltd is authorised and regulated by the SCB (license no. SIA-F184).

cTrader and others could be suggested.

It is great that under the Bahamas regulation, companies can offer clients, for example, CFDs of different asset classes like Forex, Stocks, Spot Indices, Futures, Spot Metals, Spot Energies etc.

This area supports online institutions providing clients with high-level liquidity and expanded execution in a modern way of NDD (without dealing intervention), so that traders could benefit from tight spreads and competitive prices.

As strong supporters of transparency, global financial companies should set the highest security standards for clients' funds. For this reason, it is good practice to place all traders' deposits in major reliable 1-Tier international banks and keep them completely separated from the company's capital.

As you see, with the Bahamas regulation, it conveniently stands for industry development, while the aforementioned best practices are a perfect fit with local regulations for global market participants.





Thank you for reading

# THE BAHAMAS SPECIAL REPORT



**BAHAMAS  
FINANCIAL  
SERVICES BOARD**