



Opalesque Roundtable Series '20 BAHAMAS

Editor's Note

Well before the Second World War, The Bahamas was already seen as a desirable place for persons with wealth to come and live. The Bahamas' financial services industry didn't come first: what really came first were those persons of mobile capital and being able to afford to live at a place of their choosing. Almost 100 years later, the country is very mature in having maintained and expanded its financial services infrastructure, while, of course, still being an obvious place for persons choosing to relocate for many reasons, whether it be the expertise offered to support wealth management, climate, lifestyle or just simply the location. The Bahamas is in close proximity to major centers around the world and midway between Latin America and North America. Insiders report a steady influx of family offices setting up in The Bahamas.

The Bahamas: A Safe Harbour

The COVID-19 experience has also shown that the archipelago can offer a certain element of security as people can potentially stay somewhat insulated from the possible ravages of international pandemics. To date, The Bahamas has been managing the response to the COVID19 pandemic well. *During the lockdown period throughout the archipelago a considerable number of yachts moored from various places around the world where people chose to come to The Bahamas because they saw it as a place of refuge.* We also know that a substantial number of global citizens reside in The Bahamas, and many of them chose to be in The Bahamas to wait out the pandemic. At the same time, The Bahamas remains open for business – the international banks and trust companies never stopped operating. Local advisors and lawyers helped clients take steps to transition or amend their fund structures, to service and prep their businesses, maybe making some changes adapting to the pandemic, to revise corporate planning, and possibly a bit more assisting family offices in doing, for instance, some planning around medical needs.

The Bahamas has a land mass of 3865 square miles or 10,010 km² and thus slightly smaller than Connecticut offering options and choices as premises are available for leasing, for renting, or to purchase. This makes it much simpler in The Bahamas to be compliant with the substance requirements because the infrastructure is in place, and there is availability of appropriate property and personnel.

New regulatory initiatives find international traction

More funds and fund managers are taking advantage of the Bahamas' new Investment Funds Act which is compliant with all international standards – FATCA, IOSCO, and also with the EU – while permitting that the fund's administrator can be anywhere in the world. In addition, The new Bahamas Commercial Enterprises Act allows companies from different sectors such as wealth management, advisory to FinTech to start operating on an expedited or fast-tracked basis with incentives around access to work permits. A new Digital Assets and Registered Exchanges Bill is in the works to solidify the legal framework for FinTech business. After extensive benchmarking, engaging with other regulators as well as local stakeholders in the trading space in an effort to develop a robust regulatory framework, The Bahamas implemented rules with respect to contract for differences and leverage ratios and has since attracted firms to open new, regulated entities in Nassau to better reach emerging markets.

The Opalesque 2020 Bahamas Roundtable took place online with the following panelists:

1. Christina Rolle, Executive Director, Securities Commission of The Bahamas; Vice-Chair, IOSCO Inter-American Regional Committee
2. Christel Sands-Feaste, Partner, Higgs & Johnson
3. Linda Beidler-D'Aguilar, Partner, Glinton Sweeting and O'Brien
4. John Delaney QC, Senior Partner, Delaney Partners
5. John Wilson QC, Senior Partner, McKinney Bancroft & Hughes
6. Brendan Davis, Business Development Manager, ActivTrades Corp

7. Tanya McCartney, CEO & Executive Director, The Bahamas Financial Services Board

Enjoy!

Matthias Knab

Participant Profiles



(LEFT TO RIGHT):

Christina Rolle, Christel Sands-Feaste, Linda Beidler-D'Aguilar

John Delaney Q.C., John F. Wilson Q.C., Brendan Davis

Tanya McCartney

Introduction

Christina Rolle
the Securities Commission of
The Bahamas

My name is Christina Rolle, I am the executive director of the Securities Commission of The Bahamas. At the moment, we are about to finalize the implementation of two new pieces of legislation that will fundamentally overhaul the regulation of financial services in The Bahamas – the Investment Funds Act, as well as the Financial and Corporate Services Providers Act. Both of these areas have potential to be new sources of business for The Bahamas.

Christel Sands-Feaste
Higgs & Johnson

My name is Christel Sands-Feaste. I am a Partner at Higgs & Johnson, a full-service law firm here in the Bahamas. I am Chair of our firm's Securities and Financial Services Practice Groups.

Linda Beidler-D'Aguilar
Glinton Sweeting O'Brien

I am Linda Beidler-D'Aguilar. I am a Partner at Glinton Sweeting O'Brien where I am in charge of our Financial Services practice.

John Delaney Q.C.
Delaney Partners

I am John Delaney, senior partner with Delaney Partners, Commercial attorneys. My practice includes Commercial transactions, financial services and regulation.

John F. Wilson Q.C.
McKinney Bancroft and Hughes

I am John F. Wilson, the senior partner at McKinney Bancroft and Hughes. My practice has extensively focused on commercial and trust litigation.

Brendan Davis
ActivTrades Corp (Bahamas)

My name is Brendan Davis. I am the Business Development Manager for ActivTrades Corp (Bahamas), an online broker with headquarters in London, UK.

Tanya McCartney
Bahamas Financial Services
Board

I am Tanya McCartney from The Bahamas Financial Services Board (BSFB). I have been an attorney for the past 25 years and spent most of my career in financial services; both on the business side, as well as legal and compliance.

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Matthias Knab

What is the message that The Bahamas wishes to convey to the international community about the country's financial services industry?

One thing I have noted is that I see more alternative investment managers setting up Bahamas-based alternative investment funds that are actually managed from The Bahamas, with the fund manager based there, so there seems to be a good momentum in your jurisdiction.

Christina Rolle: This is correct, and certainly from a regulatory point of view, the message that the Bahamas Securities Commission and other regulators in The Bahamas want to convey, is that we are a jurisdiction committed to best practices on a global level, while at the same time being practical in our approach to regulation.

As you mentioned, **more funds and fund managers are taking advantage of our new Investment Funds Act**, so indeed we are getting traction there with investment funds. That is one example of The Bahamas' commitment to both best practices and practicality, because in developing the investment funds legislation we took the position that we wanted The Bahamas, first of all, to be compliant with all international standards, with FATCA, IOSCO and also with the EU.

We recognize that there are some practical elements within the investment and financial domain that require specific action, and so we built those in as far as possible. For example, our Investment Funds Act is EU compliant, however, we still allow that the fund's administrator can be anywhere in the world. So we try to take a very holistic approach as regulators here.



John F. Wilson Q.C.: And also, just in case someone might be wondering whether The Bahamas is open for business, the response to that is that it most certainly is. I would like to commend the government on their forward-thinking approach to dealing with the COVID-19 pandemic by locking down the country and utilizing the other measures that were put in place.



Our international banks and trust companies never stopped operating. Provisions were put in place to allow senior one and senior two officers to essentially work remotely, attend offices where necessary to initiate urgent transactions, and we saw the same for law firms and all other support services for our international financial business. In essence, all of us were able to work very efficiently remotely, showcasing that our technology infrastructure is strong and secure. The bottom line is that The Bahamas is most certainly open for business and that our sector performed admirably during the COVID-19 pandemic.

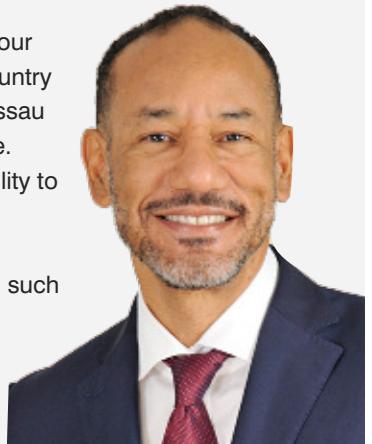
Matthias Knab

Do you want to comment on the Dorian hurricane that hit The Bahamas in September 2019? How far have you rebuilt, are there still challenges or impediments from that?

John Delaney Q.C.: Regarding the hurricane, the first thing one needs to understand is that The Bahamas is an archipelago that expands over a large geographical area, alongside Florida in the north, several hundred miles down to Cuba at the southwestern end and then the island of Hispaniola to southeastern end and with so many islands – 700 –but for all practical purposes in terms of major populations we have about 30 major population centers.

The particular islands that were badly damaged by hurricane Dorian were in the northern part of our archipelago. Those islands do not house the international financial center infrastructure of the country which is largely concentrated on the capital island of New Providence which houses Nassau. Nassau was unscathed, and so the hurricane was of nil impact on our international financial infrastructure. That's not to say that it wasn't very impactful on us as a country of people, but in terms of our ability to perform and to service the world, that was entirely unscathed.

So the question for us would be only on a go forward basis what if Nassau would have sustained such impact? As we pointed out, we have a great deal of business resilience around our digital infrastructure.



Christel Sands-Feaste: If I could just add to that, I think that an important point based on what John Delaney said, and what Christina said; Christina made the point that we comply with international standards, so all of the regulated businesses in The Bahamas have very established business continuity plans that are in place and are certainly tailored to weather hurricanes, the pandemic and so on.



And so to your question, are we open for business, yes, we are open for business. Our financial institutions are here. They have their plans in place. They have the technological infrastructure to address these very situations, to accommodate working in these environments. So although we have been locked down, for all practical purposes everyone has been working remotely from home.

In terms of financial services products, the industry is continuing to work. There are some products that have been rolled out. We have seen a lot of interest in investment fund products. That interest has continued and the regulators have continued to function as well as institutional service providers, financial institutions and intermediaries.

And so we are here, ready, willing, and operating as usual and we are sharpening and refining our toolkit of products and the way we service our clients.

The Bahamas, known officially as the Commonwealth of The Bahamas, is an archipelagic state within the Lucayan Archipelago. It consists of more than 700 islands, cays, and islets in the Atlantic Ocean, and is located north of Cuba and Hispaniola (Haiti and the Dominican Republic), northwest of the Turks and Caicos Islands, southeast of the United States state of Florida, and east of the Florida Keys. The capital is Nassau on the island of New Providence.

The Bahamas is the site of **Columbus' first landfall in the New World** in 1492. At that time, the islands were inhabited by the Lucayan, a branch of the Arawakan-speaking Taino people. The islands were mostly deserted from 1513 until 1648, when English colonists from Bermuda settled on the island of Eleuthera.

The Bahamas became a **British crown colony in 1718**, when the British clamped down on piracy. After the American War of Independence, the Crown resettled thousands of American Loyalists in The Bahamas; they brought their slaves with them and established plantations on land grants. Africans constituted the majority of the population from this period. Today, Afro-Bahamians make up nearly 90% of the population.

The Bahamas became an **Independent Commonwealth realm in 1973**, retaining the British monarch, then and currently Queen Elizabeth II, as its head of state. The Bahamas has an estimated population of 391,232.





In terms of gross domestic product per capita, The Bahamas is **one of the richest countries in the Americas** (following the United States and Canada), with an economy based on tourism and finance.

The closest island to the United States (50 miles) is Bimini, which is also known as the gateway to The Bahamas. The island of Abaco is to the east of Grand Bahama. The southeasternmost island is Inagua. The largest island is Andros Island. Other inhabited islands include Eleuthera, Cat Island, Rum Cay, Long Island, San Salvador Island, Ragged Island, Acklins, Crooked Island, Exuma, Berry Islands and Mayaguana. Nassau, capital city of The Bahamas, lies on the island of New Providence. The highest point in the country is Mount Alvernia (formerly Como Hill) on Cat Island. It has an elevation of 63 metres (207 ft).

The climate of The Bahamas is tropical savannah climate, so a warm and winterless climate. **There has never been a frost or freeze reported in The Bahamas.** There is only an 8 °C difference between the warmest month and coolest month in most of the Bahama islands. The economy has a **very competitive tax regime.** The government derives its revenue from import tariffs, VAT, licence fees, property and stamp taxes, but there is no income tax, corporate tax, capital gains tax, or wealth tax. Payroll taxes fund social insurance benefits and amount to 3.9% paid by the employee and 5.9% paid by the employer. The US currency peg is well-sustained with monetary policy, and **High Court Is the UK Privy Council.**

Brendan Davis: The ability to adapt in situations like this is essential in our line of business. For example, with the current pandemic and lockdown, our contingency plans allowed for all of our team to transition to working from home without interruption in service to our clients.

As a matter of fact, we experienced some of our highest trading volumes in the last three months as well as an increase in the number of new customers. At this time we still have 50% of our staff working from home.



Linda Beidler-D'Aguilar: What's interesting to note is that with the pandemic and the lockdown, our business activities continued just the same, so we helped clients taking steps to transition or amend their fund structures, to service and prep their businesses, maybe making some changes adapting to the pandemic, to revise corporate planning, and possibly a bit more assisting family offices in doing, for instance, some planning around medical needs. Similar to us, our clients usually were in a lockdown as well, but that didn't mean that they didn't need assistance and didn't require services.

And so it's been really important to us to be available via e-mail, via phone to do meetings like this on Zoom, to work remotely, to keep our clients and partners front and center and to keep them able to take care of their own business challenges.



Matthias Knab

A jurisdiction like The Bahamas tends to be busy and proactive at all times, so let's look at some of the most recent changes that have occurred in The Bahamas financial services industry and where have you had growth.

Christina Rolle: On September 1, 2019, the **Investment Funds Act** came into force and we are still in a transition period with that Act, but certainly there are some new features. One I have already mentioned is that the administrator can now be anywhere in the world.

The investment fund manager can either go through a registration or licensing process in The Bahamas: (1) for managers who are only managing professional funds, they only go through a very simple registration process; (2) for those who would be managing retail funds, they go through a licensing process.

We also rationalize in the legislation the concept of fiduciary responsibility and where that fiduciary responsibility should lie. That's important because for many, many years in The Bahamas that fiduciary responsibility rested the administrator. We have now aligned that appropriately



between the parties within the fund, that elect to have that responsibility, mainly the directors in some instances and the fund managers in others.

In the trading area, more recently The Bahamas implemented rules with respect to dealing in **contract for differences** in the Bahamas.

For the past three years, The Bahamas has seen some growth in this type of activity. We have some broker dealers who have been moving to The Bahamas to take advantage of the fact that our regulation was not as robust as other jurisdictions. And while The Bahamas had very strong securities legislation, we didn't zero in on this space because it was just not an activity, we had to pay attention to in the past.

Seeing this trend about three years ago, The Bahamas determined that we were going to regulate this space. We didn't want to fall into a scenario like what happened in other jurisdictions where this activity really damaged the reputation of a southern European jurisdiction. So, what we did was conduct extensive benchmarking and engaged other regulators as well as locals, in order to identify the real issues in the space and to develop a regulatory framework.

And now we have put in place rules that have appropriate leverage requirements, appropriate requirements for classifying someone as a retail investor, appropriate requirements around marketing. This business probably isn't going away in the short-term so we thought we ought to regulate it properly for the time being.

Tanya McCartney: It might be interesting to hear from Brendan then what this means for your business and why you choose to be here in The Bahamas.

Brendan Davis: Of course! We are unique in the way we do business and so are our motivations. The introduction of leverage as a part of this new set of rules presents a new challenge. However, there are so many factors that informed our decision to operate in The Bahamas. We were looking for a good mix of credibility and flexibility in the targeted jurisdiction. Credibility in respect of its international reputation and flexibility in respect of its willingness to allow the market to dictate the offer – as opposed to strict regulation as was the case in our ESMA regulated entities.



We were happy to be one of the first brokers here to be a part of the conversation and to be consulted on this, and it just affirms our thoughts in the beginning that The Bahamas has **a growing international reputation for transparency**. It's also important that the regulator is respected globally when it comes to making these kinds of decisions.

We were also motivated by a strong desire to be one of the brokers that truly made an investment in The Bahamas. Physical presence in the country was a primary target, therefore we have committed to being flexible as well to make the relationship work. The regulation still signals to the international market that The Bahamas is a strong regulatory jurisdiction focused on maintaining its fiduciary integrity and that's win-win for us.

Christina Rolle: To Brendan's point, we wanted to ensure that the brokers we attract in The Bahamas are those who want to be regulated well and who want to attach their reputation to a jurisdiction that is committed to good regulation.

John Delaney Q.C.: Transparency is certainly a key concept in today's world of finance, so we have implemented FATCA as well as the CRS regimes a few years ago which gives transparency for the purposes of those regimes – in the first case to the Americans and in the second instance for all of those participating in the Common Reporting Standards.

We also have recently updated our AML/CFT legislation to ensure that we remain compliant with the ever evolving international standards.



In relation to matters around tax, we have implemented the **substance requirements** regime which is comparable to that transpiring or required around the world for responsible international financial institutions. In addition, we have recently implemented the **Beneficial Ownership Register**, which again goes towards ensuring that we are compliant with requirements anticipated for financial centers at the forefront in terms of responsibility and engaging fully with the international community.

But apart from that, we have implemented legislation to facilitate business, such as the **Commercial Enterprises Act** in 2017. It enables easy entry to a whole range of services businesses, such as **FinTech, data, and other advisory services**. We're inviting those businesses to come to The Bahamas for its base of operations and **set up on expedited basis** as it relates to work permit, from which to use our infrastructure to render quality services to the rest of the world.

John F. Wilson Q.C.: That's correct, and I think the larger point here is that the legislation was really designed to place The Bahamas at the forefront as an International Financial center.



Additionally, from a regulatory perspective which is particularly important for **ultra-high net worth clients and residents** of The Bahamas, it has positioned us well because they are able to demonstrate that they are doing business in a well-regulated compliant jurisdiction which meets international standards. Having the structures, processes, people, products, and regulations in place that can serve also the larger pools of capital typically leads to more growth in the wider spectrum which supports some of the ancillary services that support the ultra high net worth individual such as concierge services and family offices management and all of this tends to support the economic permanent residency initiatives being launched by the government.

Christel Sands-Feaste: In addition to the regulation itself, it is important to speak to the country's approach to regulation. The Bahamas is very agile in its approach to regulation; in addition to having passed some of the pieces of legislation that we have spoken to on an ongoing basis, the industry collaboration with the government continues to work to refine the legislation to reflect the very unique features of this jurisdiction, to make sure that we are consistent with international best practices to ensure that the regulatory requirements are clear.

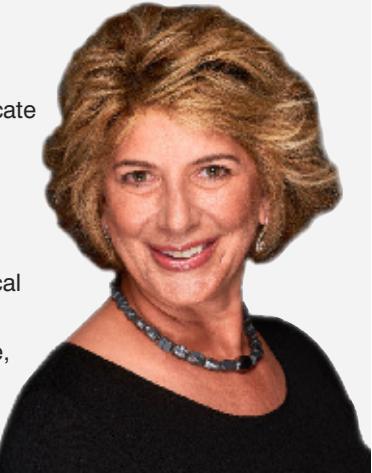


There has been work done by the government in conjunction with industry to **refine the substance legislation**, for example, to address issues that have been raised by the industry. In addition, notwithstanding COVID, there was recently tabled in the House of Assembly a **new Banks and Trust Companies Regulation Act and Central Bank of the Bahamas Act** to reflect that there is a constant focus on refining the scope of the legislation and sharpening our pencil to demonstrate to the world that we are best in class in this area. We regulate well, we are sensitive to industry's needs, but at the same time, we are working on an ongoing basis to reflect the new reality and the issues that arise in servicing our clients, in accordance with international best practices.

Linda Beidler-D'Aguilar: Just adding that we have also made **substantive investments in physical infrastructure**. For instance, we have a world-class airport in The Bahamas. Nassau and also other islands have seen large investments in airports, and that's expected to continue.

Significant investment in power generation is ongoing and there are also major investments in roads, telecommunications, and internet. As we pointed out, we have all been able to communicate notwithstanding a massive hurricane or the lockdown, demonstrating that we have the ability to function notwithstanding these potential setbacks.

And finally, for the companies themselves, we also offer the opportunity to create substance because we do have premises available for leasing, for renting, or to purchase. There are physical premises available for people to purchase to reside in and so it makes it much simpler in The Bahamas to be compliant with the substance requirements because the infrastructure is in place, there is availability of appropriate property and personnel.

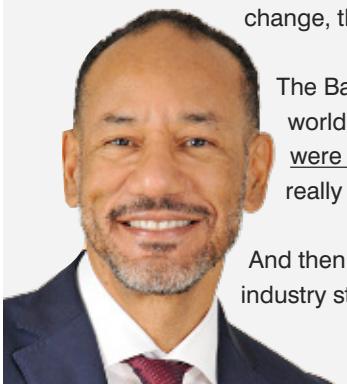


Mathias Knab

Financial services are of course a very wide field, so I was wondering where from your perspective you see the most growth or potential for growth in your jurisdiction?

John Delaney Q.C.: Well, when we look at the future or future growth, I sometimes also think that in a way the more things change, the more they remain the same.

The Bahamas started out even before the Second World War as a desirable place for persons of the world to come and live. So, in fact, our financial services industry did not come first, what came first were those persons of mobile capital and being able to afford to live at a place of their choosing. That really came first.



And then to service these ultra-high net-worth population we evolved organically the financial services industry starting in the 1930s, but after the Second World War that picked up pace markedly. Today, you

Sir John Templeton who founded Templeton and then Franklin Templeton, the successor, and many others.

My point here is that we see The Bahamas as remaining relevant to the world by virtue of our history as a highly desirable place in which to live.

When you take a closer look at the infrastructure that has evolved responsively to that desirability as a place to live, we are now very mature in having maintained and expanded that infrastructure, and, of course, we are still an obvious place for persons choosing to relocate for many reasons, whether it be the climate, lifestyle or the location in terms of proximity to major centers around the world and sort of midway between Latin America and North America. All those things continue to matter because international persons can still choose to relocate here and carry on their affairs in a fairly efficient way while being compliant with global regulations.

And, by the way, the COVID-19 experience has also shown that our archipelago can offer a certain element of security as you can potentially stay somewhat insulated from the possible ravages of international pandemics. All during the lockdown period throughout our archipelago a considerable number of yachts moored from various places around the world people chose to come to The Bahamas because they saw it as a place of refuge. We also know that a substantial number of global citizens reside in The Bahamas, and many of them chose to be in The Bahamas during the pandemic to wait it out.

Coming back to your question, Matthias, so also on a go forward basis what we see is persons who can afford to live wherever they wish in the world have been choosing The Bahamas, and now they may have even more reason to choose The Bahamas as a place to live, so we will continue to see more utilization of our economy and financial infrastructure.

John F. Wilson Q.C.: We spoke about the regulations and tax transparency initiatives we have implemented, and in my view, those initiatives from the onshore jurisdiction perspective were all designed to protect their tax base and that has really resulted in a **level playing field across the globe**. From that perspective, I think it is all good. The question then is what is our differentiating or competitive advantage here in The Bahamas?

I would agree with John Delaney that this advantage is most certainly our ability to provide these residential enclaves for ultra-high net worth individuals. We have a geographic advantage that our competitors do not have. We can attract the ultra-high net worth individuals and families to a great environment that allows them to work and play where they bank and manage their investments. We have that ability and the physical resources here in The Bahamas to make that a reality.



Christel Sands-Feaste: Related to what both John Delaney and John Wilson have said is that, unlike some of our competitors, human capital is present in The Bahamas in abundance. The professional expertise required to establish and operate businesses carrying out many forms of activity is available here.

Historically we are well known for private banking and private wealth professionals, but ActivTrades is just an example of **brokerage houses** establishing themselves in The Bahamas. In addition, **we are seeing an increase in the number of family offices being established in The Bahamas**.

We have also seen increased interest, particularly after the new Investment Funds legislation, in updating investment funds or establishing new investment funds. So for clients seeking to relocate their businesses to The Bahamas, unlike some jurisdictions where it may be difficult to secure the required human resources, there is a significant pool of qualified professionals with international experience, available here.



In addition, as a result of the COVID-19 pandemic, one additional advantage, from my perspective, is that Millennials in very different spheres, with very different skill sets who may not otherwise have considered returning to The Bahamas will actually reconsider whether or not they wish to come to The Bahamas even for short periods of time and will bring increased skill sets with them.

Further, with the increased focus on technology, there are new opportunities for the transfers of skills remotely. Therefore, in addition to the working and playing in The Bahamas, professional expertise is here in abundance and with COVID and Dorian, there is an increased focus on the need to provide world-class quality service to clients at a very high level, on their terms, whether it's remotely or in person, and I certainly think we have a distinct advantage from the jurisdictional perspective and I feel very positive about that.

Christina Rolle: Christel's point about the availability of human capital cannot be overstated. One of the key responses that we often get from potential licensees and registrants when asked why The Bahamas is chosen over competitors within the jurisdiction, is the availability of human capital.

The Securities Commission of the Bahamas is currently developing legislation for FinTech and the digital space, and we hired an international consultant to help us with that work. Our consultant was from Hong Kong and they kept stressing to us that we just can't overstate the advantage that The Bahamas has over other jurisdictions in this space, because we have the human capital here and so we do not have to go outside the jurisdiction for it.



Brendan Davis: When you look at trading internationally, we see that our client base is dispersed geographically. 40% of our clients are in countries outside of Europe, a large number of which are in South America. This clearly says that financial trading is no longer just for people that are close to traditional financial hubs like London or New York.

There are people in the Caribbean, Central and South America who are serious about trading, follow the markets closely, and want access to products of their own. I see the future of The Bahamas financial services industry being one where the country is well-placed to become a hub for those types of clients.

Linda Beidler-D'Aguilar: On the subject of local human capital, The Bahamas has made a significant commitment to education in general. We have moved from having the College of the Bahamas to the University of the Bahamas, there is a law school in The Bahamas, there is an active CFA society, so we aren't just looking at tourism and educating service providers for the tourism industry. We have expanded from that and are saying we actively need and are taking steps to prepare professionals going forward who will be available to businesses, to the international financial community, to the family offices, and other businesses. So it's also not just what we have today, it's going to be who we have 10 or 20 years from now, who can continue to keep the Bahamas at the forefront of the knowledge and the skills and the expertise that we need not just today, but also down the road.



Christel Sands-Feaste:

One further point I would like to add is that one of the things that are certainly going to be critical to the jurisdiction, not just from an international client services perspective but from a domestic perspective, is a **holistic review of the tax system** here in The Bahamas. Any future reform will result in benefits to both domestic and international businesses based in the Bahamas.

Mathias Knab

John Delaney gave us a historical perspective on how the first ultra-high network individuals came to The Bahamas in the early 1930s and that the financial system really developed and expanded from there. I have also met a number of family offices that operate from The Bahamas, and I understand more are setting up here. Can you give us an update on how The Bahamas is servicing, welcoming, attracting family offices?

Linda Beidler-D'Aguilar: We are in the process of positioning The Bahamas to become a **global family office hub** and a center of excellence, not just within the region, but internationally. There is considerable interest in making sure that the industry collaborates closely with The Bahamas government to ensure that we have all of the tools available that people require to see us an attractive destination.

Therefore, we do indeed have an increasing focus within the industry on preparing what families need and ensuring that it's available to them, whether it's on a regulatory basis, a human capital basis, or on an infrastructure basis. Today we already have a number of family offices domiciled in The Bahamas. This is due to all of the attributes previously outlined.

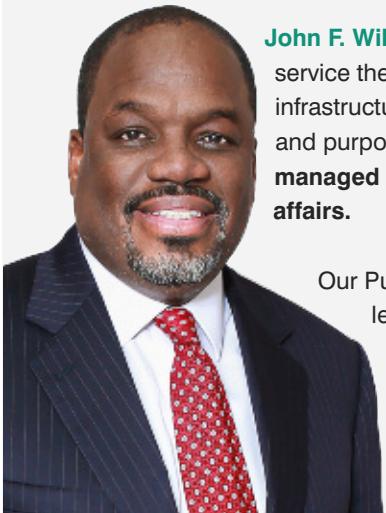
John Delaney Q.C.: We mentioned the Commercial Enterprises Act that was enacted at the end of 2017.

One of the targeted areas it sought to address was wealth management, and of course, a family office is precisely about wealth management, and so already we have the enabled infrastructure for family offices to be set up on an expeditious basis. *It's simply a matter of persons coming and obtaining their premises.* We've talked about the ready availability of human capital, so they can engage their staff and can start operating on an expedited basis as all is provided on a fast-tracked basis.

Let me also add that infrastructure and processes have in fact been here already for a long time but we have done in 2017 was the modernizing of it just to make it more frictionless as we continuously look at ways to improve the ease of doing business.



John F. Wilson Q.C.: This is correct. Added to that, we also have the international toolkit available to service these family offices, enabling them to manage their wealth. Within that toolkit are the legislative infrastructure to enable the setup of family offices and access to bespoke products such conventional and purpose trusts, foundations and the Bahamas Executive Entities, BEE for short. **All of which can be managed under the umbrella of a private trust company set up to specifically manage that family's affairs.**



Our Purpose Trust legislation is very effective and very forward looking, as is our General Trust legislation. So, once an international family gets here, in addition to managing their local affairs, these families are well-positioned to have their assets managed in a way that is really efficient, mitigates any tax liability and gives them the comfort to know that they can tap and use the deep expertise of a wide range of service providers and professionals so that their assets can be managed effectively and safely.

John Delaney Q.C.: It is important to note that persons of wealth are human beings with many dimensions: Yes, they have wealth, but that's not the full definition of who they are. They are persons with general interest and increasingly people are concerned about the environment and climate sustainability and such matters.

Well, The Bahamas is an ideal place for that. We happen to have a pristine environment and were in fact very early in establishing national parks. We have the largest earliest **Marine and Sea Park** that was developed in the 1950s and that has continued to expand.



You see around the world that persons who can afford to, are spending their money and investing around their particular values, and that's also not new to the Bahamas. There's the **Perry Institute of Marine Science:** Mr. Perry, deceased, was an American who spent a lot of time in The Bahamas and in the Exumas where he owned Stocking Island which is one of the many islands in Exuma. That's just one example. From as far back as the 1950s Mr. Perry supported a world caliber marine science research facility that continues to exist to this day.

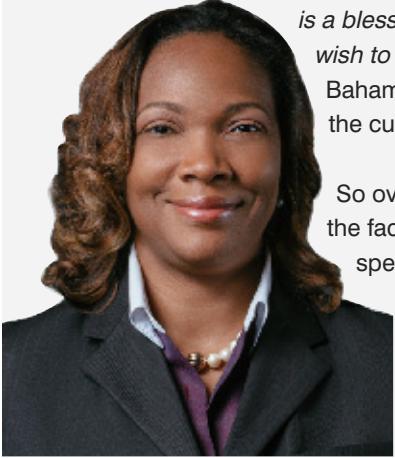
When people come here they don't just want to know that it's a place for them to manage their business affairs. That's obviously very important, but they also want to know that it's a place

where they can pursue their other values and that they could enjoy the lifestyle, they could enjoy the culture, which is a culture of real depth and a few centuries of history that they can learn about and be a part of.

You may also know that we have world-class athletes: Bahamian athletes have won a total of fourteen **Olympic medals**, all in athletics and sailing. So, here is another field where The Bahamas is competing with the world's best and doing well.

Christel Sands-Feaste: I think related to that – the manner in which The Bahamas responded or is perceived to have responded to the COVID crisis will be critical. There is an increased focus on personal safety and overall health and wellness.

*The fact that many of the islands in the Bahamas, and in fact **most of the country, have been COVID-free**, is a blessing and certainly something that clients will focus on as they determine a place where they wish to live.* Potential clients will take into consideration the statistics and medical data, the fact The Bahamas Government has responded promptly to the pandemic and been successful in flattening the curve and the availability of medical facilities, support services, and health professionals.



So overall health and wellness and how the jurisdiction has responded in the face of COVID and the fact that most of the country has been COVID-free is going to be certainly very critical. If you speak with people in other islands such as Eleuthera, Exuma, Abaco, many of them are experiencing increased levels of interest in those islands. I think one cannot underestimate the importance of overall health, wellness, and personal safety, particularly in this new world order in which we live.

John Wilson:

One of the issues that leads on from what Christel has just discussed relates to an untapped opportunity for the Bahamas and that relates to medical tourism. I believe that is something that we should give some consideration. Healthcare is also a highly attractive sector for investments, and so it ties in very closely with family offices from different sides. Here lies an opportunity for potential investment in The Bahamas as well as another selling point to attract high net worth individuals to our shores.

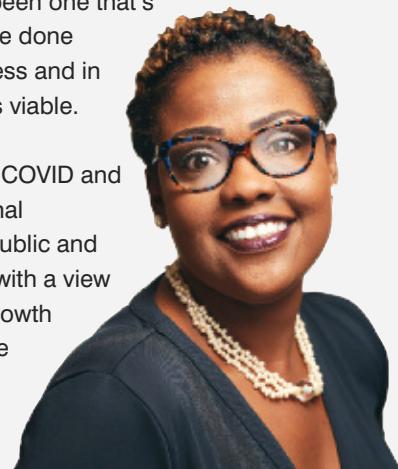
Matthias Knab

You mentioned a few times how the government and the private sector are working hand-in-hand to ensure a sustainable economy and a sustainable financial services industry, let's quickly highlight your strengths in that area.

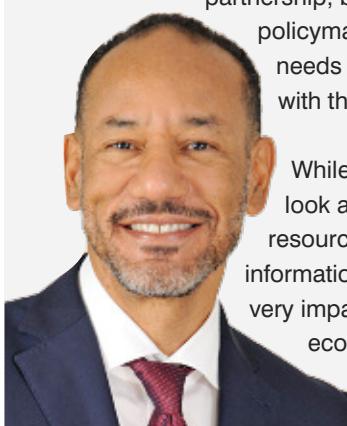
Tanya McCartney: I'll start the discussion seeing that the **Bahamas Financial Services Board** is the signature public-private sector partnership entity designed to promote financial services as well as advocate for the industry. The government consistently provides support by way of resources, so that we can tell our story to the world and create a greater international awareness of our offerings.

There exists an open door and consistent dialogue between public and private sector and you would have heard this alluded to earlier from some of the other panelists speaking about the collaboration on legislative developments. Certainly, with respect to the international initiatives that we have been faced with, The Bahamas' response has not been one that's solely driven by policy makers or industry alone, but we have sat at the table together, we have done assessments on what the initiatives mean for our jurisdiction and how it can impact the business and in turn set up a framework that assures us that we are compliant but that the sector also remains viable.

There is a partnership between industry and government. Certainly, we are talking a lot about COVID and the impact on our economy – for example, most recently the government established a National Economic Recovery Committee and they have brought together stakeholders from both the public and private sector as well as establishing a specific subcommittee dedicated to financial services with a view to ensuring that we leverage our ability to be resilient, but that we also explore the potential growth areas that exist in the financial services space with a view to advising the government on some policies that may inure into the growth of the industry.



John Delaney Q.C.: The Economic Recovery Committee is certainly the most current example of the public-private partnership, but it is something which our jurisdiction is historically known for: it's only prudent that policymakers when they are making policy and reflect on legislation, they try to be responsive to the actual needs on the ground, and so it's not surprising that an informed set of policymakers would wish to work with those in the industry.



While that's been our history, the Economic Recovery Committee is born of a special urgent need to look afresh at our economy. It's a public-private grouping that is actively at work and given all of the resources that are needed from the public infrastructure to make sure that we have the data, the information, and the support to positively make recommendations that are relevant and we expect will be very impactful. We have quite a mandate which is to come up with a bold vision for a modern Bahamian economy in the post COVID era.

Matthias Knab

Offshore financial centers have been burdened by the label of being a tax haven and all that this connotes. What has been done here to remove this misnomer from The Bahamas?

John Delaney Q.C.: Transparency has been the most important thing that The Bahamas has done and actually been doing steadfastly and aggressively for the past 20 years. It's interesting that transparency was one of the first things Brendan referred to as well in our discussion today.

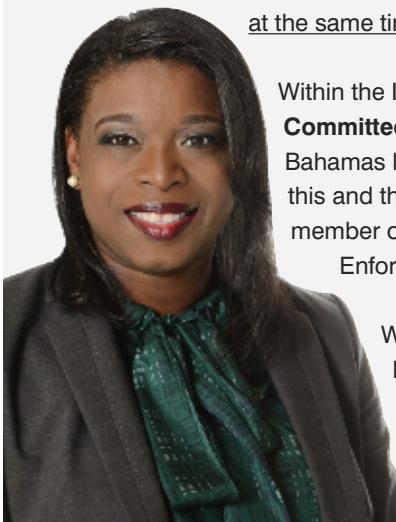
So this is not new in terms of The Bahamas' effort to dispel that notion. The Bahamas has an extensive network of tax information exchange agreements. More recently we have implemented domestically the FACTA regime as well as the Common Reporting Standard. Beyond that, we have various agencies to facilitate sharing of information and access to information whether it be the Financial Intelligence Unit which existed in the context of crime or whether it be in the regulatory space. The international cooperation from a regulator to regulator basis is executed by the Central Bank, the Securities Commission, or the Insurance Commission. All those things are in place to ensure that the information can be accessed, where there is a legitimate and credible need to access information in the criminal or civil space.

I should also mention the international high-level dialogue that goes on with FATF and the Caribbean Financial Action Task Force which is a subunit of the Financial Action Task Force which the Attorney General of The Bahamas is a part of and participate in regular meetings. This is to ensure that we are in line with the evolving international standards.

Now, it's important to note that a lot of what might be said or written about the questions you have mentioned; The Bahamas doesn't readily accept that all of that is legitimate. Sometimes you can trace things back to maybe a competition based criticism or perhaps a failure to fully understand, so a major burden of the Bahamas is to make sure that the international community properly understands what we do so that we can dispel that which we consider to be largely a misunderstanding.



Christina Rolle: From a regulatory point of view, I would like to add that we always strive to be **early adopters of international best practices**. For example, about three years ago IOSCO came out with what is called an enhanced MMOU, and I think The Bahamas became the seventh country in the world to be accepted to IOSCO's MMOU, actually at the same time as the US.



Within the IOSCO community, we are a part of what's known as the **Inter-American Regional Committee**. Part of that committee is the Ontario Securities Commission, the US SEC, and The Bahamas has recently been adopted and in my personal capacity, I am **Vice Chair** of that Committee for this and the next year. We are as a result a **member of the Board of IOSCO** now. We are also a member of IOSCO's Committee on Market Regulation and Intermediation, IOSCO Committee on Enforcement.

We have also become a member of IOSCO MMOU Screening Group and the MMOU Monitoring Group. So now, we're not just a receiver of best practice, we are also putting ourselves in a position where we are contributing to the making of policy which underlines again the soundness and reputation of our institutions and regulations locally as well.

Mathias Knab Congratulations! That's really fantastic news.

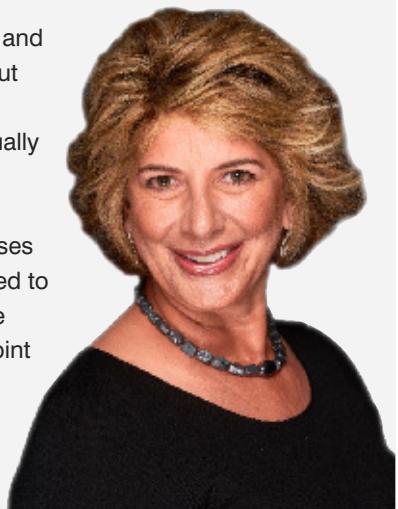
Substance is also a theme that comes up all the time that some of the smaller island jurisdictions are struggling to implement, but certainly not The Bahamas, with a landmass of 3865 square miles or 10,010 km² and thus slightly smaller than Connecticut.

Please tell us more about your approach, your strengths, and your success in establishing substance and helping players to demonstrate and implement substance.

John Wilson: The Bahamas has implemented legislation as a direct response to meeting its international obligations with respect to substance. So from the perspective of what steps we are taking, I think The Bahamas has been a leader in implementing economic substance laws and is looking to capitalize on that position.

Linda Beidler-D'Aguilar: There has also been an immense effort not just in terms of the legal and regulatory side but the practical and commercial side to ensure that when you are talking about substance and having an operation in the Bahamas that there is actually the **physical space** available to have the operation. So not just a filing cabinet, but physical premises that are actually occupied by persons who are engaged in the business that's being undertaken.

And there has been a substantial increase in the quality and the quantity of commercial premises that are available, and as you indicated, Matthias, a lot of the jurisdictions that we are compared to simply can't offer that extent of premises' space nor can they offer the residential space for the persons who are going to occupy these premises. So, from that simple and very pragmatic point of view, we are well prepared to welcome persons here to be on the ground and to operate businesses.



Christel Sands-Feaste: I think an important point to note is the substance legislation is an overlay on a very sound regulatory framework that everyone has already spoken to. We have not just implemented the substance legislation; there has also been a distinct focus on utilizing the existing legislative framework to facilitate what is necessary for a business to establish a presence in The Bahamas. We've already talked about Commercial Enterprises Act and Christina has indicated that the Securities Commission has a team which is ready, willing, and able to regulate relevant securities businesses.



There's also been a focus in The Bahamas in recent years on ensuring that the relevant regulatory agencies are able to **accept applications and issue licensees electronically**, for example, business licenses, Value Added Tax filings, and substance reporting filings. So the point is that the Bahamas has not only passed the legislation but we have followed through in ensuring that the infrastructure is in place to ensure that these businesses can properly be established and regulated in an efficient and timely fashion. In addition, as I mentioned earlier to the extent that issues have arisen with respect to legislation that impacts the financial services sector, the government has demonstrated a willingness to work with industry to formulate refinements to the legislation.

Brendan Davis: This is a topic to which we are particularly close. Again we are unique in our approach and as one of the first Brokers offering Contracts for Difference in the country, we wanted to set the tone for others to follow.

We wanted to make a real investment in the Bahamian economy and in particular the Bahamian people. In terms of human capital, the number of skilled professionals far surpassed our expectations and as a consequence elevated our needs.

One of our first campaigns was entitled "Global Broker, Local Talent." Naturally, we assumed it would be possible to recruit a few individuals with experience in the industry. Since obtaining our license, our physical premises have grown from 600 sq. ft. to about 3000sq ft. Today our staff complement is approaching 30 persons all of whom are Bahamians and collectively are fluent in eight different languages.



Mathias Knab I believe there have been some enhancements to the permanent residency program, can you share the details about that?



John F. Wilson Q.C.: Presently we have a regime where based on a \$750,000 real estate investment you can apply for economic permanent residency. Accelerated consideration of application is given to investors and owners of residents valued at 1.5 million or more.

The economic permanent residency is a key part of our toolkit in our product offering and we think that we have positioned it in a way where it avoids the question of selling citizenship, which is an issue that some of the onshore jurisdictions and international bodies have raised.

John Delaney Q.C.: Let me add that permanent residency is not new. I've indicated earlier on from a historical perspective that The Bahamas has been an inviting place for global persons frankly for at least two generations.

Recently there have been some adjustments around thresholds for investment to qualify for permanent residence in The Bahamas – typically by way of real estate. It is granted also in relation to persons who opt for another form of economic investment if they so choose. It comes with the right to work in their own business if they choose to operate a business from here, they can have their spouse or significant others and children endorsed on it, so that they can have permits to reside.

Permanent residency programs have been with us for a very long time, and so you can anticipate that there will be ways to enhance them even further. Deliberations are going on right now, and hopefully, soon we can disclose more details regarding the threshold for fit and proper persons who wish to reside in the Bahamas and to make an economic contribution, as we want to make sure that there's an easy facilitative entrance into The Bahamas.



Mathias Knab To finish off, let's look again at innovation – things like bespoke products, your ICON SMART comes up, a legal regime for virtual assets, what's new here?

John Delaney Q.C.: We are working on FinTech to ensure that operations that are focused on that space find that The Bahamas has what they need to enable their operations from The Bahamas. There are some players already here that operate in the FinTech space.

The Bahamas has been judicious in terms of how it would regulate FinTech. We have been following this sector at least for the past four, five years and the question was, whether we should move to regulate. We have had regard to what was being done elsewhere in the world and it was felt that moving towards regulation of something which was highly evolving at that time, was perhaps not the wisest thing to do.

Christina can speak to how they are seeking to accommodate it in the Security Commission's perspective, but it's one area that's under active consideration to ensure that we are doing the right things to make sure that entrepreneurs wishing to operate in the context of the FinTech environment that the Bahamas has, find what they need.



Christina Rolle: The Bahamas is currently developing a suite of legislation that will really cover the FinTech space comprehensively.

A key feature in one of the legislation is the **Digital Assets and Registered Exchanges Bill**. We were very deliberate in who we thought should be regulated. As John mentioned, you don't want to over-regulate innovation to the point that it will not develop in an organic way.

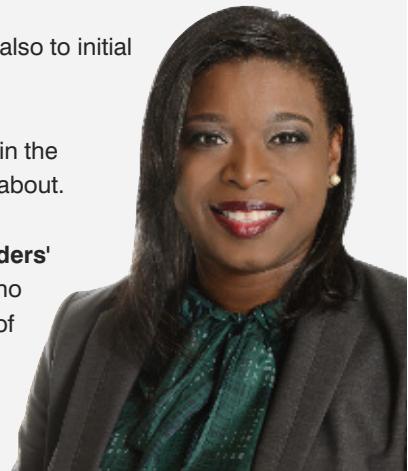
Therefore, our approach was to first observe what was happening globally and then give a practical approach to regulation around principles of what ought to be regulated, rather than specifics.

And so the Digital Assets and Registered Exchanges Bill will focus around principles of how marketplaces operate and apply that to the FinTech space.

It would also focus on regulation around principles about how offerings work, and apply that also to initial coin offering or initial token offering in the digital space.

We hope that this legislation will come into force shortly. We think that it will go to Parliament in the summer of 2020, and so that's something that is on the horizon and that we are very excited about.

Another one of our regulatory initiatives relates to the **financial and corporate service providers'** space where we are expanding the categories of licensees to allow international operators who may be in financial leasing, or in commodities trading, digital wallet services, or in a number of other businesses to become regulated and to be able to submit themselves toward a regulatory environment that is effective and practical.



John Delaney Q.C.: Just summing up, we have spoken about the nuts and bolts of the financial services' architecture and infrastructure, that's well understood.

What I'd like to emphasize is that The Bahamas is a very welcoming place for **foreign direct investment**. Already we are the largest recipient of foreign direct investment in the region.

At this particular time, The Bahamas is even doubly welcoming to foreign direct investment, and certainly in the context of international financial services generally which will be highly welcomed to The Bahamas.

But, there are other areas in which the world is invited to come to The Bahamas and to invest, and as they invest, know that there is the ability to also raise capital in The Bahamas, both on the equity and on the debt side.



Still, when you look at The Bahamas, we are not one micro area limited to the narrow world of financial services products, we are a full economy, we are a full country and we are progressive and diversified country, and we are looking to ensure that we are doing all of the right things for a healthy economy, and of course a healthy population, and society going forward.

Therefore, I would simply invite anyone who is interested in making positive moves in the economic space, in the investment space, to look at The Bahamas. The environment is right, the location is right, the connectivity is right, whether we are talking telecommunications, Internet or whether we are talking air traffic connectivity. You may say that I am biased, but I just think that it's hard to beat The Bahamas as a place to do business.



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