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Opalesque Roundtable Series '21

BAHAMAS

Editor's Note

How “Tiny” Bahamas Beat Global Giants in the Central Bank Digital Currencies (CBDC) Race

Since 2019, The Bahamas is the global leader in e-money when it launched its “sand dollar” – a digital version of the Bahamas Dollar and controlled by the central bank – effectively beating China’s “digital renminbi” by six months. PricewaterhouseCoopers (PwC) has given the Sand Dollar the highest ranking — above even China’s digital yuan — in a report ranking Central Bank digital currencies.

Why The Bahamas?

But this stunning feat wasn't just a PR gag to highlight the island jurisdiction's commitment to innovation. The Bahamas is an archipelago consisting of 700 islands scattered across 470,000 km² (180,000 square miles) of ocean space in the Caribbean. The challenges for payment systems using physical cash for such a vast archipelago are understandable. As anywhere else, banks have been scaling back the brick and mortar infrastructure over the past years.

The GDP of the Bahamas per capita income is the third highest in the Americas after the US and Canada, with a 90% penetration for mobile devices, making the country an ideal ground for the release of the world's first CBDC. In addition to ensuring a reliable and safe payment system that's available a 24/7 to all Bahamas residents, the Sand Dollar is not only meant to modernize the payment system but also to improve financial inclusion, reduce service delivery costs, increase transactional efficiency, and make private wallet systems interoperable.

A Giant in Financial Services

While The Bahamas may be counted on the smaller side of countries (ranked 155 in terms of landmass of 195 countries, behind Kuwait (152) or Israel (149) and rank 170 in terms of population, behind Malta (167) but before Iceland (172)), the island jurisdiction has been and will continue to be a giant in financial services:

- The Bahamas SMART Funds are internationally a popular and well-established solution particularly in the private client space
- The new Bahamas Digital Assets and Registered Exchanges (DARE) Act is considered a “monumental” piece of legislation as it strikes a fine balance between innovation and a robust regulatory framework
- The new Bahamas Commercial Enterprises Act has been designed attract and foster certain industries in The Bahamas – including captive insurance, reinsurance, mutual fund administration and wealth management
- Location, Location: A trade and wealth management hub conveniently accessible for onsite inspections and meetings. A stunning tourism, highly coveted domicile and operational base for family offices and many other types of organizations. More ultimate beneficial owners and directors of those entities will move to The Bahamas to create certainty with respect to fulfilling the substance requirements.
- A firm commitment to ease of doing business: As Elsworth Johnson, Minister of Financial Services, Trade & Industry and Immigration explains in this Roundtable, ease of doing business is not just a concept but brought to fruition through an aggressive public sector digitization initiative
- And the People: Friendly and professional, with a wealth of knowledge and experience who have been in the industry for very significant periods of time, or have chosen to relocate to The Bahamas. That wealth of experience spans not just one particular pillar of financial services but all pillars – banking, trust, insurance and securities.

Enjoy and hopefully “see you” soon in The Bahamas!

Matthias Knab
Knab@Opalesque.com

Participant Profiles



(LEFT TO RIGHT):
Minister Elsworth Johnson, Philice Albury, Andrew Rolle
Wendy Warren, Christel Sands-Feaste, Gregory Metrailler, Kevin Moree

Introduction

Minister Elsworth Johnson
Minister of Financial Services,
Bahamas

My name is Minister Elsworth Johnson, from the beautiful island of Cat Island, one of the beautiful islands of The Commonwealth of The Bahamas. I'm the Minister of Financial Services, Trade & Industry and Immigration. I see myself as a facilitator in terms of industry, civil society, and government working hand-in-hand to ensure that The Bahamas continues and expands in providing efficient, competent, and transparent financial services to our local and international client base.

Philice Albury
ActivTrades Corp

My name is Philice Albury, Head of Operations at ActivTrades Corp in Nassau. I'm also a descendant of Cat Island. I work at a company called ActivTrades Corp. We are an online broker specializing in contracts for difference. Headquartered in the heart of London together with offices in Nassau, Milan, Sofia and Luxembourg, we deliver exceptional trading conditions and outstanding support to our loyal customers in more than 140 countries.

Andrew Rolle
Mundo Advisors

I'm Andrew Rolle. I'm the Founder of Mundo Advisors, a boutique legal and corporate services firm. In addition to being an attorney, I am also a chartered alternative investment analyst and I have had the privilege of serving on the board of directors of several broker dealers and investment funds licensed with the Securities Commission of The Bahamas.

Wendy Warren
Caystone Solutions

I'm Wendy Warren, Managing Director of Caystone Solutions. We are a family office business services company. Our clients are either family offices or investment managers and thus very much all focused on the investment markets.

Christel Sands-Feaste
Higgs & Johnson

I'm Christel Sands-Feaste. I'm happy to be participating in my third roundtable with you, Matthias! I'm a partner at Higgs & Johnson where I chair the financial services and securities and investment funds practice groups for the firm.

Gregory Metrailler
RBC Dominion Securities

My name is Gregory Metrailler and I work as investment advisor for RBC Dominion Securities. I have been working in the Bahamas for a bit more than two years and previously worked in Switzerland for several years. At RBC Dominion Securities, we provide wealth management solutions for HNW and UHNW clients with a main focus on investment services.

Kevin Moree
McKinney Bancroft and Hughes

My name is Kevin Moree. I'm a partner at McKinney Bancroft & Hughes, one of the largest and oldest law firms in The Bahamas which conducts an extensive international and domestic practice from its offices in the cities of Nassau and Freeport. My legal practice includes civil and commercial litigation, tax and trade, and financial services and regulation, and I presently have the pleasure of serving as the chairman of The Bahamas Financial Services Board.

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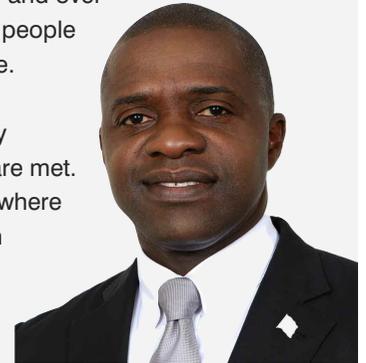
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Matthias Knab

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

Minister Elsworth Johnson: The message that The Bahamas wants to send and is sending to the international community is that we are a first-rate, transparent, honest jurisdiction for doing business. I know you hear it over and over and it sounds cliché, but everyone who has been here knows, and can confirm that we welcome people and corporations to come to this jurisdiction, set up offices, and live, work, play, and prosper here.

We also understand and appreciate that we have an obligation and a responsibility to be properly regulated. To this end we have passed laws to ensure that all international regulatory standards are met. In addition, we want to send a clear message to the international community that we are a place where the **ease of doing business** is not just a concept but that we are bringing it to fruition through an aggressive public sector digitization initiative.



“ *We are a first rate, transparent, honest jurisdiction for doing business.* ”



Kevin Moree: I would echo the Minister's comments and only add one more point with respect to what the international community should know about financial services in The Bahamas. We have those seeking financial services and those who want to provide financial services; The Bahamas is a very attractive jurisdiction for both of those areas.



We are a compliant jurisdiction, as evidenced by our continued response to various international initiatives, and we have a long history of providing financial services. The people and firms in The Bahamas have a wealth of knowledge and experience, and we continue to evolve and adapt along with the growing and changing needs of clients.

Philice Albury: ActivTrades is a relatively new entrant to this jurisdiction and the company's decision to enter this market was centered around The Bahamas' reputation in the international community. The Bahamas is a well-regulated, compliant international financial centre committed to the highest possible standards – evidenced with the evolving efforts to introduce appropriate rules and regulations for relatively innovative product offerings. This is evidenced by the new Contracts for Difference Rules implemented in February 2021.



Gregory Metrailler: I agree, the Bahamas is a transparent and compliant jurisdiction and as a financial center it needs to continue to adapt to the regulatory changes. Reputational risk management needs to remain at the center of priorities to attract new institutions. As Philice mentioned, they are a relatively new player in the jurisdiction and it shows that despite the ongoing consolidation in the financial sector the Bahamas remains an attractive hub.

Andrew Rolle: Just looking at recent history, I'd like to add that The Bahamas is open and that the COVID-19 pandemic did not impact the financial services industry in any material way.

We are also becoming more and more digitized. The government agencies are now delivering more and more services online, and that adds to the nascent **digital ecosystem** that is being developed in The Bahamas. That's a very good complement to our industry, and I believe this trend will continue moving forward.



The Bahamas beat China by six months setting up the world's first central bank digital currency

In 2019, The Bahamas became the global leader in e-money when it launched its “sand dollar” – a digital version of the Bahamas Dollar and controlled by the central bank – effectively beating China’s “digital renminbi” by six months.

Meanwhile, PricewaterhouseCoopers (PwC) has given the Sand Dollar the highest ranking — above even China’s digital yuan — in a report ranking Central Bank digital currencies. In PwC’s Global CBDC Index 2021, which examined interbank and retail central bank digital currency (CBDC) projects, The Bahamas’ Sand Dollar and Cambodia’s Project Bakong ranked first and second respectively for having gone live. China’s digital yuan, which is still being trialed, was ranked third.

PwC noted that more than 60 central banks have been exploring CBDCs since 2014, with progress accelerating as some CBDC projects are now entering implementation phases. It also noted that more than 88 percent of CBDC projects, at pilot or production phase, use blockchain as the underlying technology.

Sand Dollar allows greater flexibility and accessibility for residents that want to participate in financial services via either a mobile phone application (iOS and Android) or using a physical payment card to access a digital wallet. It also provides an excellent record of income and spending, which can be used as supporting data for micro-loan applications.

Pegged to the USD

As the B\$ is pegged to the USD, the Greenback – with 60% market share still the dominant Foreign Exchange Reserve Currency – is indirectly also involved. However, at the moment the Sand Dollar can only be held by Bahamian residents.

Another key advantage of the Sand Dollar is interoperability between mobile payment apps. While initially the apps can allow users to use the Sand dollar within their walled garden, the wallet providers will be required to allow balances to be transferred to other mobile wallets going forward.

The draft regulations include plans to take it a step further: similar to mobile number portability when switching phone providers, the aim is to enable wallet portability as well, allowing users to retain their user id and unique account number when moving to another wallet.

Currently, the Bahamas Automated Clearing House is being integrated as well, so that transfers can be made between bank accounts and wallets in both directions.

Why The Bahamas?

The Bahamas is an archipelago consisting of 700 islands scattered across 470,000 km² (180,000 square miles) of ocean space in the Caribbean. The challenges for payment systems using physical cash for such a vast archipelago are understandable. As anywhere else, banks have been scaling back the brick and mortar infrastructure over the past years. After Hurricane Dorian in 2019, it took banks more than a year to get their branch facilities restored, so there’s a concern that remote island areas can be underserved.





In addition to ensuring a 24/7, reliable and safe payment system, the Sand Dollar is not only meant to modernize the payment system but also to improve financial inclusion, reduce service delivery costs, increase transactional efficiency, and make private wallet systems interoperable. There's also a desire not to exclude based on technology, so the currency is available on a smart card, not just smartphones. That may also help with the elderly.

The GDP of the Bahamas per capita income is the third highest in the Americas after the US and Canada, with a 90% penetration for mobile devices, making the country an ideal ground for the release of the world's first CBDC. And while The Bahamas is progressing its rollout, others in the region are looking to catch up. The Eastern Caribbean has launched its pilot, and Jamaica recently announced plans as well.

Christel Sands-Feaste: There is a wealth of knowledge and experience in this jurisdiction by persons who have been in the industry for very significant periods of time, or have chosen to relocate to The Bahamas. That wealth of experience spans not just one particular pillar of financial services but all pillars of financial services – banking, trust, insurance and securities.



And while we are building out digital services and infrastructure, let's not forget that we also have bricks-and-mortar premises where our experts are able to meet and interact with people, so the clients can have the assurance that there is someone next to or in front of them who knows the jurisdiction well and who is committed to the standards of the jurisdiction.

Wendy Warren: In my view, what's quite unique and of great value about The Bahamas is that we see our clients as people. We have the pleasure of interacting with our clients in a very close manner, no matter if you live here or outside The Bahamas. I really think that this level of interaction is what makes us able to deliver on the commitments that we are talking about here and our commitment to innovation. We are not looking at innovation in the context of just another product. It's innovation in light of what our clients need.

Being uniquely able to bring a human touch to what is a very digital and a very regulated business is increasingly relevant in today's environment.



Matthias Knab

What are some of the most significant changes that have occurred in The Bahamas financial services industry over the past few years? What innovation has happened and is ongoing?

Kevin Moree: I will focus on some of the significant legislative changes which have recently occurred in The Bahamas in connection with the financial services industry. The **Commercial Enterprises Act** is directly linked to the decision of the government to foster certain industries in The Bahamas – including captive insurance, reinsurance, mutual fund administration and wealth management – and to facilitate the ease of doing business which was something Minister Johnson mentioned earlier as well. Entities which qualify under that Act are provided certain expedited services, particularly in connection with immigration, helping them to set up and get running as quickly as possible. In my experience, this has been a very useful piece of legislation.



I'll mention one other significant piece of legislation, the **Commercial Entities (Substance Requirements) Act** ("CESRA") which was passed to ensure compliance with international best practices related to the prevention of tax evasion/avoidance through profit shifting. The purpose of CESRA is essentially to ensure that certain Bahamian entities are either i) engaged in real economic activity in The Bahamas or ii) tax resident and compliant in some other jurisdiction. Entities subject to CESRA are required to file certain reports and the first round of reporting has already been conducted. This allows governments elsewhere as well as international bodies to tangibly see that The Bahamas is compliant, is transparent, and indeed wants to work on an international scale to ensure that best practices are being upheld here.

Minister Elsworth Johnson: In terms of innovation, we are really working now on the total digitization of the public sector services where we are being aided and guided by persons in industry to assist with the process to digitize different government agencies and thereby improve the quality of life for citizens and residents who choose to relocate to The Bahamas.

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The Bahamas Extended Assess Travel Stay Programme (“BEATS”) has been launched as an all online process where non-residents can apply to live in The Bahamas for remote work or study purposes for up to one year.

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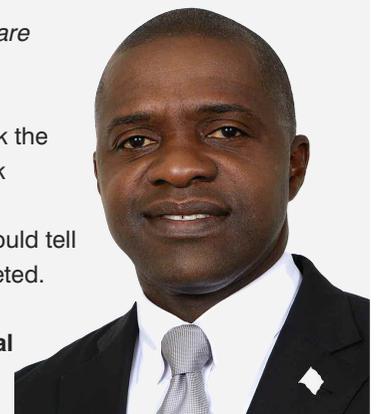


Now you can get your passport electronically, renew your driver’s license and make immigration applications all online. We have The Bahamas Extended Assess Travel Stay Programme (“BEATS”) which is similar to the annual permit to reside and makes it easier and faster for non-residents to get approval. Under the program, non-residents will be able to apply for a permit online and receive permission to live in The Bahamas for remote work or study purposes for up to one year.

Persons can come to The Bahamas and work or study on an extended-stay permit and if there are certain services that they would need, we want to make this easy.

In March of this year at the Department of Immigration we created a portal for applicants to track the progress of applications. We have also gone cashless. At the end of June 2021, short-term work permits, and residence spouse permit applications will be automated and by September every application in immigration would be available online. We are building into it an algorithm that would tell us or give persons a reasonable time for which they can expect to have the applications completed.

A major initiative that we are working on is positioning The Bahamas to become an **international**



arbitration centre. The Ministry recently established an ADR Unit and engaged an Arbitration Consultant with responsibility for the roll-out of international arbitration and other alternative dispute resolution processes in The Bahamas. Since August 2020, our Ministry has met with the Office of the Judiciary and other industry stakeholders with a strong focus on ADR legislative reform. We have finalized our amendments to the International Commercial Arbitration Bill 2018 and will circulate the same for a short consultation period in Summer 2021.

We are hopeful that the Bill, which will incorporate the UNCITRAL Model Law into domestic law, will be enacted in the next few months. We are also finalizing amendments to the Arbitration Act 2009, which, will support domestic arbitration. Besides the progress we have made with arbitration, from industry stakeholders, we have received draft bills for Construction Adjudication, Domestic Mediation and International Mediation.

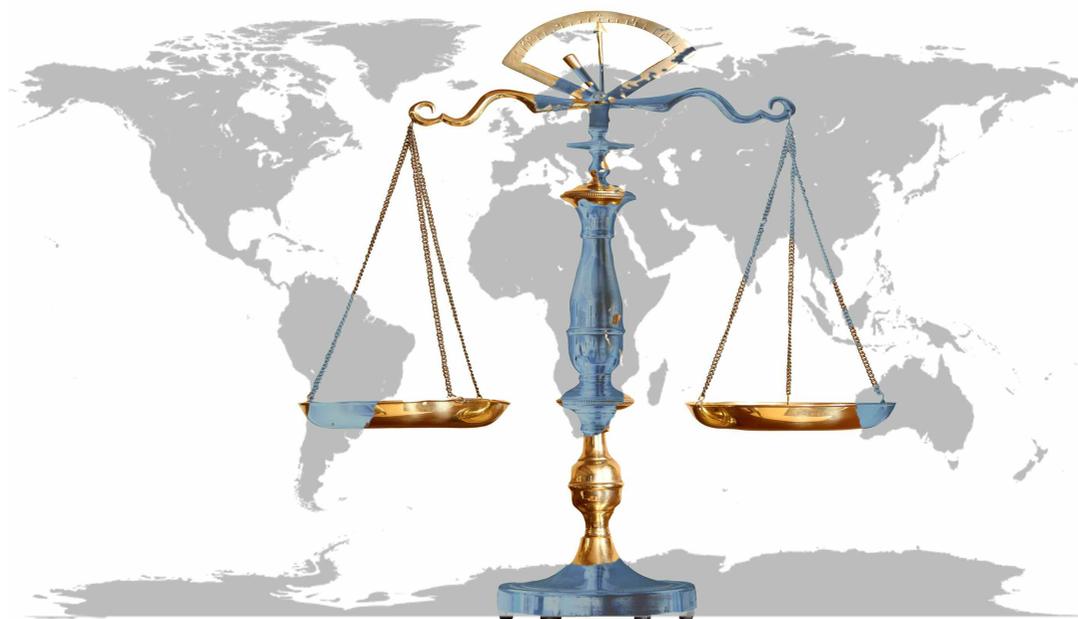
The International Mediation Bill will incorporate the Singapore Convention on Mediation which will allow for the cross-border recognition and enforcement of international mediated dispute settlements similar to how the New York Convention provides for the cross-border recognition and enforcement of arbitral awards. International Arbitration and the aforementioned alternative dispute resolution processes have become the preferred methods of dispute resolution in the global business community and The Bahamas has to keep pace in order to enhance and complement its existing industries, particularly its financial services product.

In addition to these legislative reforms, recently, the Cabinet has approved the appointment of four Bahamians as Members of Court of the Permanent Court of Arbitration. In this way, the government is strengthening its relationship with the PCA, a leading international arbitral institution, of which we only became a Member in June 2016. We are in the process of making other changes to support the alternative dispute resolution industry in The Bahamas and we are moving quickly towards making those changes based on an ambitious Strategic Plan. We are collaborating with the Office of the Judiciary and other Strategic Partners, for example, the Chartered Institute of Arbitrators, the Bahamas Financial Services Board and STEP Bahamas to ensure that our work is up to international best standards and practice.

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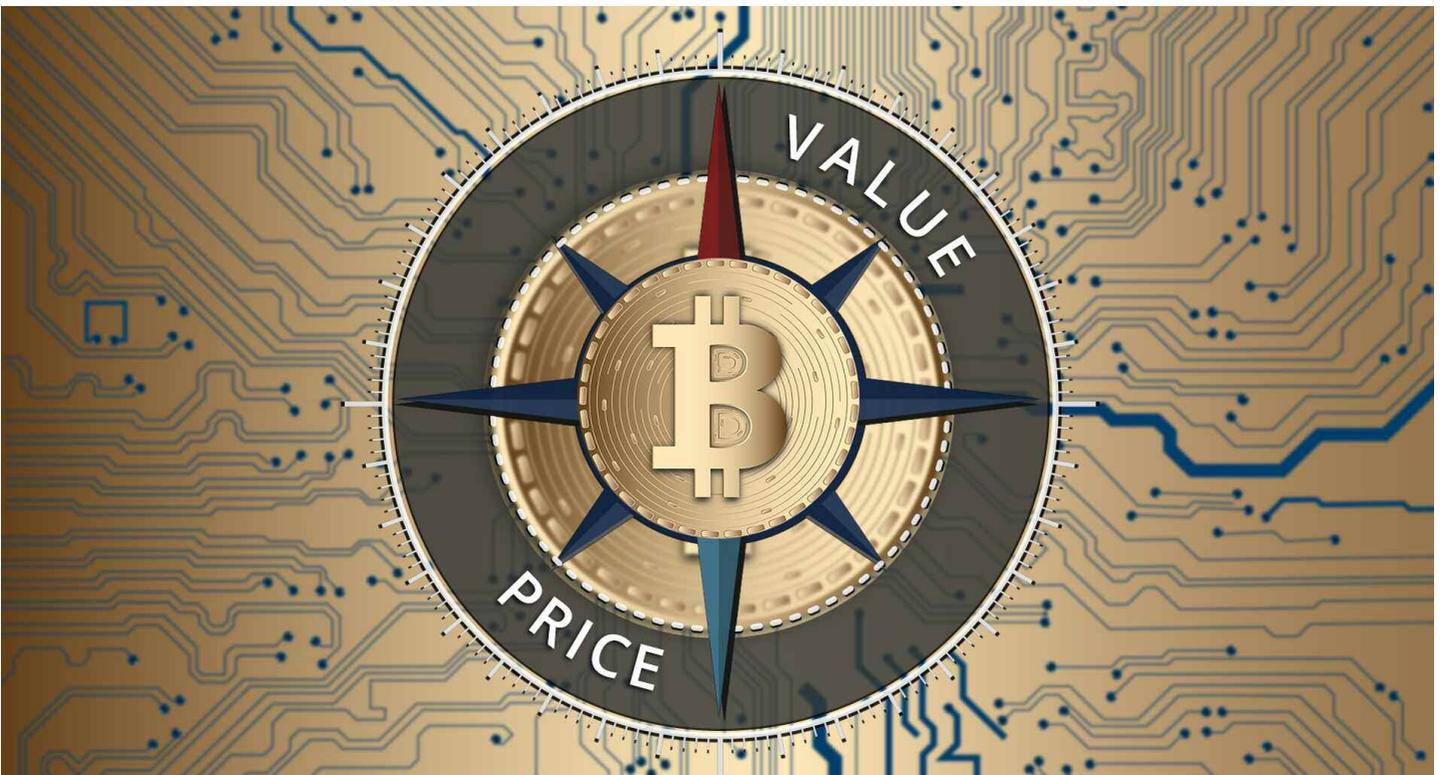
Christel Sands-Feaste: The Bahamas continues to refine existing products such as **SMART funds** – a product that The Bahamas is known very well for and which is a well-established product particularly in the private client space. Over the last two years we have also introduced new legislation in accordance with international best practices regulating investment managers providing services to Bahamian investment funds. Clients who choose to utilize The Bahamas for investment fund structures have the assurance that the investment manager must meet, firstly, international standards of fitness and properness, and secondly, will be regulated by the Securities Commission of The Bahamas in a very transparent manner through a registration process that is tailored to take account of the level of risk associated with the services provided by investment managers.



Then thirdly, there is the **Digital Assets and Registered Exchanges Act** (the DARE Act) which the Minister spoke to, that was recently introduced to regulate digital assets and exchanges. We have certainly seen a huge increase in interest in clients wishing to establish digital asset businesses in The Bahamas within the regulatory framework of the DARE Act. Those are just three examples of the continued focus from both the policymakers and private sector on refining existing products and continuing to offer new products.



The Bahamas Digital Assets and Registered Exchanges (“DARE”) Act is considered a “monumental” piece of legislation as it strikes a fine balance between innovation and a robust regulatory framework.



Andrew Rolle: I think that the DARE Act is a monumental piece of legislation. While other jurisdictions may have wanted to be the first one to accept anyone interested in the digital space, I think The Ministry of Financial Services and the Securities Commission of The Bahamas did a great job in finding a fine **balance between innovation and a robust regulatory framework** that incorporates and accepts reputable service providers or reputable individuals.

I think that interest in digital assets will continue to grow, also within the wealth management domain. I think that there is a wealth transfer taking place and our estate planners are doing an excellent job in facilitating that wealth transfer. And those who inherited this wealth are digital natives, right? They were born into a world where all they know is everything being digital, and so I think it's great that The Bahamas continues to position itself as a responsible leader in that space.

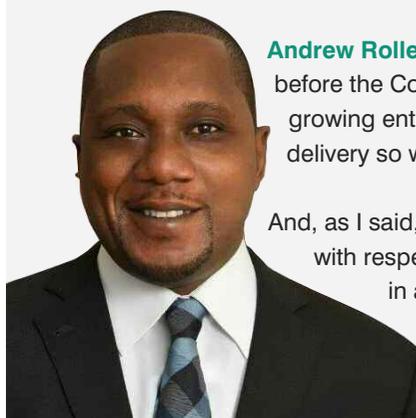
We mentioned yet the Bahamas Sand Dollar, which is simply the digital representation of our fiat currency meaning that people can now own and use our Bahamian dollar also in digital form which has a lot of advantages. We are really at the cutting edge of innovation here, also from a global perspective. Let me also make clear that the Bahamas Sand Dollar is not a cryptocurrency but our currency in digital form and so it ties in perfectly into our existing financial and economic infrastructure and complements our traditional wealth management products.



Matthias Knab

The Bahamas Sand Dollar is certainly a very impressive feat of achievement and innovation, as you pointed out. The passage of the Digital Assets and Registered Exchanges (DARE) Bill in 2020 has put in place the legal framework for a vital, well-regulated and compliant industry in The Bahamas for those interested in entering the digital asset space.

It also creates specific opportunities for entrepreneurial Bahamian Fintech firms to enjoy the credibility of being licensed and functioning under a comprehensive regulatory regime. What has happened since the passing of the Bill, are there already any success stories you can talk about?



Andrew Rolle: I certainly see a lot of interest in that space and think that there are several applications before the Commission which, pending approval, will be entering into that market. We already have a growing entrepreneurial ecosystem of startups who are doing well in the emerging areas such as food delivery so we do have examples of local, innovative businesses that we can be proud of.

And, as I said, on the FinTech side I do know that there are several applications before the commission with respect to the DARE Act. Services such as tokenization, the trading and custody of digital assets in addition to providing compliance access to the rapidly developing defi space will be championed by licensees registered under the DARE Act.

Wendy Warren: We spoke a lot about innovation and dynamism in our jurisdiction, but it is important to realize that these strong forces are complemented by conservative and careful attitude and processes because we also want to make sure follow a steady and consistent development and don't fall back to knee-jerk reactions. For example, when we look at the Commercial Enterprises Bill that Kevin mentioned, *The Bahamas has been for a number of generations now this unique place which attracts people and business leaders to establish businesses in the jurisdiction and live here, and we facilitated it through the Commercial Enterprises Act, but at the same time we created a substance regime that ensured that those who chose to establish in The Bahamas would be able to be recognized by the OECD, the EU, and globally as meeting the demands from that lens as well.*



Matthias Knab

The Bahamas is also in a fortunate position geographically and has also had very strong links not only within the Caribbean but further down into Latin America, particularly as a trading hub and well regulated launch pad to the LATAM region. Can you share with us how that axis has been developing?



Philice Albury: Our company ActivTrades may be a good example for that.

During the COVID pandemic there was a huge uptick in online trading as a consequence of the lock downs. People's behavior shifted and as a result of that shift many online brokers experienced a boom in their business, particularly in the Latin American region.

On top of the growing volumes, we also experienced growth in our client base this region. It has been reported globally that during the pandemic, people started to get more active and more thoughtful about their finances and investments.

Wendy Warren: One of the advantages of The Bahamas in terms of institutions reaching into the Latin American market is accessibility. **Clients want to have the ability to do what I call on-site inspections of their institutions.** They want to be able to come see the persons leading the institution, have a sense of comfort that if they ever need to, they could reasonably get to their contacts quite readily, and our proximity to Miami greatly enhances this. The ability to have multiple flights in a day encourages them to do business here.

Obviously the regulatory regime and various financial institutions that already operate in the country give assurance, but ultimately persons want to be able to come and meet and look across the table at the persons with whom they are doing business. This is a key reason to pursue The Bahamas as a location as a financial services institution.



Kevin Moree: Earlier Wendy mentioned this idea of human touch, which I think is a very important point. I think the future of financial services has a lot to do with immigration which I see happening, as I mentioned earlier, in two different domains where we have financial service providers and then clients of those providers. I think both of those areas will actually see an increase in immigration to The Bahamas.

I expect to see more financial service providers, and then, because of the substance requirements legislation among other reasons, I also think that **more ultimate beneficial owners and directors of those entities will move to The Bahamas to create certainty with respect to fulfilling the substance requirements.** But that's obviously not the only reason. One of the biggest value propositions we have is that *while there might be a legislative or financial rationale for a move here, it's an absolutely stunning country to live in.*

That coupled with solid infrastructure inclusive of transportation and telecommunications, the people and the expertise that we already referred to, really makes it the number one choice in terms of jurisdictions, in my opinion.

We have also seen **more family offices moving here** because clients want to live, work and play in one place. The Bahamas has many high end residential options for persons wishing to reside here. There are suitable premises and fit-for-purpose infrastructure to accommodate office space and the creation of economic substance. There is a singular focus of facilitating international business. Moreover, The Bahamas is easy to get to, with six major airports and 49 other airports situated throughout the archipelago. In fact, Lynden Pindling International Airport (LPIA), the main gateway to The Bahamas, has been recognized as one of the top three for Airport Service Quality (ASQ) Awards in the Latin America and Caribbean region for airports with more than 2 million passengers per year. In addition, we boast countless ports of entry and marinas that can accommodate the largest yachts.

When you can live in a jurisdiction such as The Bahamas, be close to your assets, able to go and have lunch with your wealth manager or your attorney, it's really a completely different game to conducting business through emails and attachments.

This, by the way, also helps with KYC requirements, and will decrease the ever increasing threats of phishing and cyber crime. The pandemic is a perfect example where in many instances decisions needed to be made urgently, and having all of your advisors at hand and in your backyard, so to speak, is increasingly recognized as fundamentally important.

The pandemic has also made people question the cost of living and quality of life in big cities. The recent trend in real estate sales in The Bahamas indicates that people, particularly high net worth clients, like the idea of having a private island, or an estate on one of the islands in a country such as The Bahamas. And so, I think we will continue to see an influx of foreigners moving to The Bahamas.



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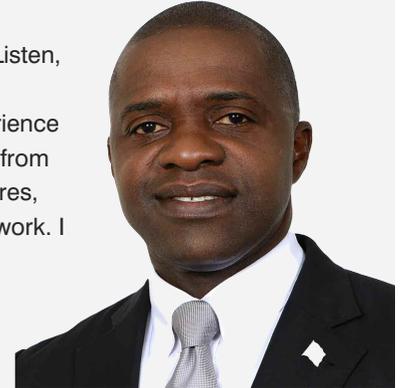
Matthias Knab

For sure, The Bahamas has always been a clear choice for families or individuals to relocate to, and it is interesting to hear that the pandemic hasn't stopped but added momentum to this.

Minister Elsworth Johnson: This is certainly correct. I recall when I first went to Brazil, a gentleman explained that the value proposition for The Bahamas is location. He identified some of the upheavals that are occurring in Latin America and Asia. It was not just wealth or assets moving, but people wanting to relocate. Many find The Bahamas very attractive.

In the Ministry, we are constantly saying aside from the movement of assets, that can be moved very quickly by the touch of a key on your computer, there is also the movement of people. It should be almost the norm that the ease with which someone's assets could move, once the due diligence has been done, persons should be able to come into The Bahamas to visit, as Kevin said, to meet with their service providers and have meaningful deliberations and to reside once they meet our requirements. So, that is one of the things that we have been working extremely hard to facilitate.

I'm taking the objective observations of industry, who would say sometimes in a direct way, "Listen, we need to get better, we need to do better, we need to improve on the turnaround time with applications," and we've been taking that input and allocating resources to improve the experience of those who choose to live, work or just visit us. We have seen also an uptick in applications from persons from Latin America for entire families, including the family asset management structures, their children and their house staff, all wanting to come to The Bahamas to set up to live and work. I can say with confidence that we are able to facilitate such requests efficiently.



Wendy Warren: I believe The Bahamas has the enviable position here, and we know of jurisdictions looking at what The Bahamas has done and seeking to replicate that. Obviously, at the heart of financial services is the client, and we have in The Bahamas clients who are attractive from the perspective of those who wish to offer private wealth services but also clients who lead major institutions, and we've had this active engagement with these persons over decades. And luckily, The Bahamas is not new to this business. We have had people like **Sir John Templeton**, one of the most successful investors globally who moved to The Bahamas in 1968 and others before him – so if you look on a weekend and you see the number of persons who are in our waters or on their yachts, for sure this type of immigration, which also Kevin referred to, will continue.



What also helps is the additional amenities our beautiful hotels provide, and the innumerable amount of restaurants. So, we can offer more than just the beach in many cases, and relevant infrastructure such as healthcare and other high quality services, and, of course, our fiber optic and digital infrastructure.

Matthias Knab

Many financial centres like the Bahamas have been burdened by the label of "offshore centre" or "tax haven" and all that this connotes. What has been done/is being done to remove this misnomer?

Christel Sands-Feaste: I think that in general terms, as business developers and service providers in the financial services space, we remain optimistic in terms of outlook while at the same time acknowledging that we are in the midst of a global pandemic, the duration of which remains uncertain.

Secondly, we are all aware of the ongoing challenges which international financial centres such as The Bahamas face. Having said that, we wish to let the world know that there is a strong and ongoing commitment amongst the service providers to the development of the industry as a premier, world class jurisdiction that is well regulated and fully compliant with international best practices. The message we wish to give to the world is that we are here for the long-term, open for business and continuing to refine existing products and develop new products in accordance with international standards and best practices.



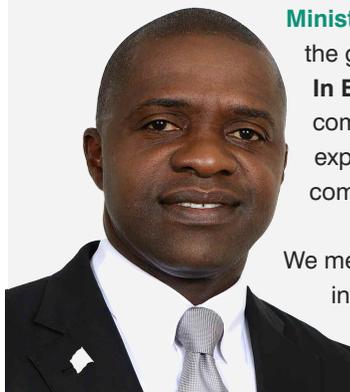
Matthias Knab

One other thing regarding these offshore and international financial centres is of course that many of them are and have been historically island jurisdictions, with some of them very small and limited in terms of infrastructure and just land mass.

I think The Bahamas do stand out a bit here, because, first of all, we are not talking about just one island here, and secondly, your larger islands are just on their own of a substantial size. This is of course relevant when it comes to substance requirements, so corporations need to have good and affordable office space, together with some living facilities for staff and people that they may want to bring to the island.

Wendy Warren:

You are right, The Bahamas provides great infrastructure from a **commercial operations** perspective. There's an increasing footprint and availability of office buildings as we anticipate more institutions, family offices, boutique firms, moving into the jurisdiction, so we see the capacity growing. We have great connectivity, and the fiber has been very much a part of our landscape for decades now and is expanding into the Family Islands, such that thankfully during the worst of the recent hurricane, we were still able to function.



Minister Elsworth Johnson: While the pandemic has caused a downturn in the economy worldwide, the government has taken the initiative to improve its airports, especially in some of the major islands. **In Exuma we have an occupancy rate of at least 80 percent**, and one of my friends recently commented that sometimes we have to bring in food to some of the hotels because they didn't expect the volume in terms of luxury yachts or persons coming to relocate in a pristine, isolated community where persons are properly practicing social distancing.

We mentioned the number of airports we operate – we are an archipelago, and have to provide services into those islands, also for things like coming to the capital to get a passport or access other forms

of services that the government offers. We also talked about how with the Sand Dollar and other innovations we can provide banking and financial services into all the islands. Those are some of the challenges that we are working to resolve by digitizing those services. Aside from providing the food, the buildings, and all the different things that people would need on the Family Island, there are certain basic services that we want to have in place. For example, even if you end up on a beautiful cay down in the Exumas, you still would want your iPad or your cell phone so we need reliable access to the internet so that you can access the world from wherever you are. Those are some of the things we are working on assiduously to have so that we can operate at a contemporary level.

Gregory Metrailler: Maybe I can add something from an **expat point of view**. I moved from Zurich a couple of years ago and I am impressed by the infrastructure investments that are continually done since I arrived. In a bit more than two years, a lot has been achieved and this trend is here to stay.

As Minister Johnson said, the government is making important investments in public infrastructures. I guess the best witness is the fact that over the last year, people working from home have been able to perform their duties without any trouble. In addition, corporates are also investing in new offices and improving their platforms to gain efficiency which also translates their commitment to the Bahamas.



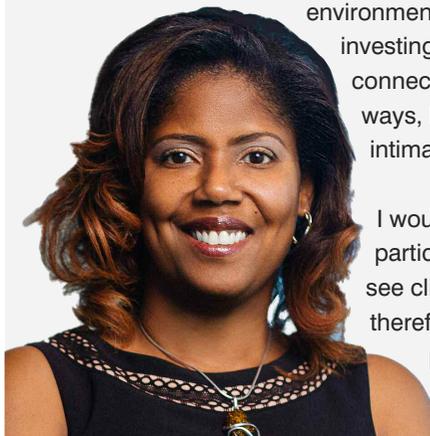
Matthias Knab

We spoke about digital assets and your Digital Assets and Registered Exchanges (DARE) Bill which is how The Bahamas has responded to the demand and the opportunity in this space.

One of the other mega trends which is transforming finance and will continue to do so is ESG investing or green finance, sustainability, SDG (the United Nations' Social Development Goals) or Impact Investing. What is happening here, how involved is The Bahamas here?

Wendy Warren: You are right, ESG is an integral part of our conversations given where we live and the impact of the environment and the social demands as an island state. Our clients today are focused on sustainable investing and our current investment funds regime allows for this. And therefore, we feel very connected to the ESG conversation and it's been a part of who we are and a part of our, in some ways, being self-critical as a country, because we understand these points of exposure quite intimately.

I would say that from a financial services perspective, we are engaged in this as we utilize particularly our investment funds platform as a way of leveraging into this market. We definitely see clients who pursue ESG principles as a core part of what they are seeking to do. ESG is therefore very much integrated into many considerations that are currently being made for providers and investors within the financial services market.

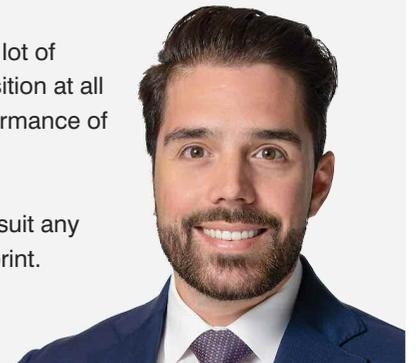


“*ESG is an integral part of our conversations given where we live and the impact of the environment and the social demands as an island state.*”



Gregory Metrailler: ESG has been around for a few years already, but it has really gained a lot of traction lately thanks to the vast media coverage, which is a good thing. This is a major transition at all levels, but speaking from a portfolio point of view, investors start not only to look at the performance of their portfolio but they also look at what is inside their portfolio.

Like Wendy said, there are many different ways to invest within the ESG thematic and it can suit any investment style or profile. It is a major transition and it will definitely be a marathon, not a sprint.



Matthias Knab

How is The Bahamas adapting to the changing landscape for financial services, what is our outlook?



Wendy Warren: When it comes to wealth management in its broadest context, you could say that we allow and invite wealth to have its place within our jurisdiction, whether it's living, working, playing, or investing.

And **wealth needs resilience**, which we have demonstrated not only through the challenges of the prior 20 years but also the more immediate times of Hurricane Dorian where the industry has continued to provide services on a daily basis, and into a pandemic that has deeply

scarred many, but really, our sector never slept, we never closed, and this is really a reflection of many years of policies in terms of building business continuity, risk management, policies of investing in the business, and I think this speaks well to our future.

Resilience is key because headwinds will always come and there will always be challenges. There will always be persons who contend whether you are able to step up to the plate, but I think our history shows that we are able to step up to the plate and we look forward to all of what the future brings.

Kevin Moree: I would add one point that hasn't come up yet, and that's the **individual tax residency certificate**, which will hopefully be available soon.

There has been discussion of this for some time and I do think the international market is aware of it and waiting with bated breath for it. So, that is hopefully something that will be made available, and that would confirm that an individual is deemed to be tax resident in The Bahamas and will actually be a tangible piece of paper, or perhaps electronically these days, which would be able to be provided to other jurisdictions to confirm that status.

“

At the end of the day, we are able to punch above our weight class and participate in an industry that is both technical but also involves people, trust and the human touch.

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Minister Elsworth Johnson: Along with being a country of tremendous resilience, as Bahamians we have also demonstrated the versatility and the ability to make the necessary adjustments, even with all of the global regulatory initiatives, and still, at the end of the day, we are able to punch above our weight class and participate in an industry that is both technical but as we touched on, also involves people, trust and the human touch. We want to express to clients they are appreciated and how valuable they are to us, and that we are prepared to do what is legitimately necessary to cause their experience to be the best.

I remember when I first became the Minister, I gave a presentation. I used a local song where it says, “If the good Lord ever went on a holiday, he came to The Bahamas.” And so, we endeavor to provide excellent service to persons who live and work in this great country that will convey to them that the government is not only listening to them, but also takes them very seriously. We want to let the international community know that the products, people and processes that we have put in place are designed to ensure that their concerns are taken very seriously.





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Links

Opalesque.TV video which got 104 views over 2016 Christmas:

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