

# Lion's Roar



NEWS from Equity Bank And Trust | Nassau, The Bahamas | Winter 2017 | [equitybahamas.com](http://equitybahamas.com)

## A Note to Our Valued Clients and Associates:

**TWO RECENT MEDIA REPORTS** have attempted to deliberately malign The Bahamas' reputation as a jurisdiction committed to adherence to international standards with respect to compliance, cooperation and transparency. Both are unfounded and disregard the truth.

In September the International Consortium of Investigative Journalists (ICIJ) surreptitiously subverted data held by The Bahamas Registrar General Department and provided free online access to information on entities registered in The Bahamas. The ICIJ presented this information as "leaked," when in fact this data is required by Bahamian law to be maintained in the corporate registry and is readily available to anyone in the public for a prescribed fee. The unauthorised publication of this information by ICIJ predictably failed to emphasise this fact, leading to unwarranted and misleading concerns about The Bahamas and its commitment to global transparency standards.

Also in September The Bahamas' clear commitment to transparency was also misrepresented by The Economist which called into question The Bahamas' choice to implement the OECD's Common Reporting Standard (CRS) for the Automatic Exchange of Information (AEOI) through bilateral agreements. The Bahamas, like all other jurisdictions, was given a choice by the OECD to implement the standard through multilateral or bilateral agreements. If the latter was not an acceptable form of reporting by the OECD it would not have been presented as an option.

These attempts to discredit The Bahamas ignores the fact that the



Bahamas Government has gone on record with its intention of attaining and maintaining "the very highest levels of conduct as a clean jurisdiction, complying with the highest standards to prevent the abuse of its financial system by money launderers and criminal element." ▶ **3**

### MORE NEWS ...

- The Bahamas: On Track Implementing OECD | **2**
- 3 FAQs About Automatic Exchange of Information | **4**
- New Asset Management Services | **5**
- Latin American Views | **6**



## What Makes the Bahamas the Jurisdiction of Choice for International Financial Services?

**A**NY COUNTRY heavily engaged in financial services bears the responsibility and a commitment to the international community of which it is intricately involved, the financial institutions operating within its borders, the clients which it serves and its citizens which rely on the sustainability of the industry for continued economic development. The Bahamas is such a country. The Bahamas has always sought to provide superior financial products and services and a world class client experience. It has proven itself to be nimble and responsive to global changes – always mindful of the need to adhere to international standards with respect to compliance, cooperation and transparency. This is complemented by the fact that The Bahamas is not only somewhere that offers bespoke private wealth management, it is also a beautiful place to live and work in.

The need to be a responsible international financial service provider is not seen as a heavy burden to those engaged in financial services. ▶ **8**

# The Bahamas: On Track to Implement New OECD Standards

Minister of Financial Services Is Pleased with Progress

**T**HE BAHAMAS prides itself on being a compliant jurisdiction that follows best practices and adheres to international standards for tax cooperation and tax transparency. A prime example of this is the Government of The Bahamas' commitment to the OECD to implement the Common Reporting Standard (CRS) for the Automatic Exchange of Information (AEOI) in 2018.

**//**  
**I am confident that we will meet the 2018 implementation deadline**

*—HON. Hope Strachan,  
Minister of Financial Services*



To meet this obligation, the Ministry of Financial Services, in conjunction with the Ministry of Finance, the Office of the Attorney General, the Bahamas Financial Services Board and other private sector stakeholders, has developed an implementation framework and action plan.

"I am pleased with the progress being made and the level of effort that is being dedicated to this initiative," said The Hon. Hope Strachan, the Minister of Financial Services. "Further, I am confident that we will meet the 2018 implementation deadline."

The Minister said it is important to note that the CRS may be implemented by a multilateral or bilateral approach, both of which adhere to the international standards for tax cooperation and tax transparency. "The criteria for the selection of the bilateral approach as opposed to the multilateral approach is that the OECD Multilateral Convention is more applicable to jurisdictions with a direct taxation regime, which The Bahamas does not have," said the Minister.

Thus far, the implementation framework and action plan for compliance with CRS have been developed, which is comprised of measurable goals and timelines. To move this action plan forward, legislation and guidance notes have already been benchmarked both regionally and internationally. At the same time The Bahamas will continue to monitor EU discussions surrounding AEOI/CRS and implement appropriate strategies and

agreements to ensure compliance with international standards and norms.

In order to comply with the OECD Common Reporting Standard, the Government of The Bahamas, in consultation with private sector legal experts, is now in the process of finalizing the drafting of enabling legislation and the appropriate guidelines. "We are on track to meet our commitment to the 2018 implementation deadline," the Minister said.

In addition, the commitment to tax cooperation and transparency is evidenced by the implementation of the United States Foreign Account Tax Compliance Act (FATCA) and Tax Information Exchange Agreements (TIEAs), of which 33 have been signed to date.

"Our country also maintains a strong anti-money laundering and counter-financing of terrorism regime and has achieved the G20 standard on Transparency and Cooperation in Tax Matters," she said. "The Government of The Bahamas has always been committed to complying with international best practices as evidenced by our phase two Peer Reviews by the OECD Global Forum where The Bahamas has been deemed 'largely compliant' with the OECD's existing standard of exchange of information on request. The Government acknowledges there is still work to be done, which is why we are working diligently with stakeholders to meet our 2018 obligations."

The financial services sector is a major driver of the Bahamian economy, providing employment directly and indirectly to over 20,000 Bahamians and contributing more than 15% to the country's GDP. "As such, we are devoted to meeting the highest international standards of tax cooperation and tax



transparency, in addition to other international best practices, to preserve The Bahamas' reputation as a clean and compliant financial services jurisdiction," said the Minister.

The Bahamas has demonstrated a commitment to create a financial services sector that is well equipped to compete and succeed in the increasingly regulated environment in which the industry now operates. The most significant aspects of The Bahamas' regulatory measures may be summarised as follows:

### **A Strong Anti-Money Laundering (AML) and Counter-Financing of Terrorism (CFT) Regime**

The Bahamas has always been committed to complying with international best practice and has fared well in its phase two Peer Reviews by the OECD's Global Forum. In fact, The Bahamas has been deemed "largely compliant" with the OECD's existing standard of exchange of information on request. Some of the key elements from the rounds of the Bahamas' regulatory reform are as follows:

- In 2000, The Bahamas eliminated bearer shares;
- Since 2001, there is the filing of a register of directors and officers for companies;
- The law mandates that financial institutions have Know Your Client/ Client Due Diligence as well as Counter Financing of Terrorism processes. Further, regulators have issued guidelines to industry outlining best practices for verifying customer identity and for developing anti-money laundering procedures and measures to prevent terrorist financing;
- There is a regulatory framework for the reporting and investigation of suspicious transactions;
- Independent inspections and regulatory examinations of financial service providers including corporate service providers for compliance with AML/CFT laws;
- The 2000 legislative restructuring included the Evidence (Proceedings in Other Jurisdictions) Act and the Criminal Justice (International

Cooperation) Act. The former regulates cooperation by Bahamian courts in civil matters while the latter regulates such cooperation in criminal matters. The 2000 legislative restructuring included the Evidence (Proceedings in Other Jurisdictions) Act and the Criminal Justice (International Cooperation) Act. The former regulates cooperation by Bahamian courts in civil matters while the latter regulates such cooperation in criminal matters.

### **Tax Transparency and Cooperation**

In 1998, the OECD sought to have 40 plus countries, including The Bahamas, adopt the G20 standard on Transparency and Cooperation in Tax Matters. The Bahamas, in a 1999 presentation to the OECD, insisted on a level playing field. This principle was formally accepted by the OECD in 2002.

The Government of The Bahamas held firm to this principle and kept faith with the industry. In 2009, The Bahamas, moved to implement the standard immediately following global consensus and the achievement of its key precondition of a level playing field. On March 20, 2010, The Bahamas achieved the G20 standard on Transparency and Cooperation in Tax Matters. Today, The Bahamas facilitates international co-operation in tax matters through 33 TIEAs.

### **FATCA Compliance**

On November 3, 2014, The Bahamas and the US signed an Agreement to Improve International Tax Compliance (the Agreement) and to implement the Foreign Account Tax Compliant Act (FATCA) based on an intergovernmental agreement known as the Model I IGA. ■

► **NOTE** | from page 1

**It has committed to satisfying recommendations coming out of the Caribbean Financial Action Task Force (CFATF), and Financial Action Task Force (FATF) in relation to simplifying and making more efficient The Bahamas' cooperation with foreign jurisdictions in legal proceedings.**

**In this regard The Bahamas is fully committed to tax co-operation and transparency as evidenced by the implementation of The Foreign Account Tax Compliance Act (FATCA) and Tax Information Exchange Agreements (TIEAs). The Bahamas has always been committed to complying with international best practices and has fared well in its phase two Peer Reviews by the OECD's Global Forum. In fact, The Bahamas has been deemed "largely compliant" with the OECD's existing standard of exchange of information on request.**

**Equity Bank and Trust has been proudly based in The Bahamas for more than 30 years. The country's commitment to maintaining and protecting its reputation as a leading and compliant jurisdiction for financial and fiduciary services has enabled us to provide products and services in a regulatory environment which we stand behind with complete confidence.**

**If you have any questions about our views and The Bahamas' position with respect to recent media reports, please contact:**

- Ivylyn Cassar (icassar@equity-bahamas.com) or
- Dillon Dean (ddean@equity-bahamas.com) at any time.

**We can also be reached at +1 242 676 8188. ■**

# The Bahamas' Unilateral Approach to AEOI/CRS

## 3 FAQs About Automated Exchange of Information

**T**HE BAHAMAS' committed to implementing the new universally agreed and ascribed global standard of automatic exchange of information by December 31, 2018 using a bilateral approach having regard to the following:

- The need to meet the associated timelines with respect to the completion of the domestic legislative process, and completion of all relevant law making steps.
- Confidentiality and protection of financial data being a fundamental element of agreeing to the Common Reporting Standard and the highest level of data protection will be negotiated with interested appropriate partners as part of the bilateral agreements.
- The Receiving Country having a framework in place to ensure Confidentiality, Data Protection and Use of Information for the specified purpose.

The rules and method of exchange of information pursuant to the Standard is set forth in the Common Reporting Standard (the CRS) released by the OECD. A country can choose its legal basis for implementation of the Standard and requirements under the CRS. The OECD has made it clear in the CRS itself that a country can form the legal basis of its obligations under the Standard either through bilateral agreements, or through multilateral

agreements, and specifically The Multilateral Convention on Mutual Administrative Assistance in Tax Matters (the Convention).

The Ministry of Financial Services as project lead for AEOI/CRS is collaborating with the Bahamas Financial Services Board (BFSB) and the Association of International Banks and Trust Companies in The Bahamas (AIBT) on an action plan to have the proposed legislation for Government review by the end of September. The private sector has engaged a team of local legal consultants to prepare the draft the legislation, regulations and guidance notes required for the implementation of AEOI/CRS. BFSB and AIBT are coordinating a consultative process to engage with industry for input and feedback once the initial draft documents have been prepared.

The Financial Services Ministry has assembled a public sector technical team to drive this project in collaboration with industry.

### FREQUENTLY ASKED QUESTIONS:

**Q: What did The Bahamas commit to with respect to the automatic exchange of information?**

**A:** The Bahamas committed to adopting the Standard on the Automatic Exchange of Information (AEOI Standard) through bilateral mechanisms with interested and appropriate partners that must meet standards on confidentiality, data safeguards and proper use of infor-



mation. The Bahamas recognised and fully agreed that a receiving jurisdiction must meet comprehensive and objective standards of confidentiality and use of information before automatic exchange of information can be agreed. The AEOI Standard does not have a withholding tax penalty component for non-compliance.

**Q: Did The Bahamas commit to the OECD Convention on Mutual Administrative Assistance in Tax Matters (OECD Convention)?**

**A:** No, The Bahamas committed to a bilateral approach. The OECD Convention is a multilateral juridical instrument (i.e. with multiple partner jurisdictions through the same agreement) which establishes the legal basis for all forms of international cooperation on tax matters including:

- exchange of information upon request,
- automatic exchange of information,
- spontaneous exchange of information,
- simultaneous tax examinations;
- tax examinations abroad;
- recovery of tax claims;
- retroactive application in certain cases;
- tax claim conservancy and service of documents.

**Q: What are the key differences between the AEOI Standard and the OECD Convention?**

**A:** The AEOI Standard and the OECD Convention are very different documents and serve different purposes. The AEOI Standard can rely



on either a bilateral legal instrument such as a treaty or a multilateral legal instrument such as the OECD Convention as its legal basis. In The Bahamas' case, bilateral legal instruments will be used as the legal basis for the exchange of information with appropriate partner jurisdictions.

The AEOI Standard sets out the key principles and obligations towards operationalising the automatic exchange of information from one country to another. Unlike the OECD Convention, the AEOI Standard is not an international legal instrument. ■

### The AEOI Standard Document

- Contains a Model Competent Authority Agreement. The Model Competent Authority Agreement draws heavily on the Intergovernmental Agreements (IGAs) utilised under the Model 1 approach of the United States Foreign Accounts Tax Compliance Act (FATCA).
- Contains the Common Reporting Standard which highlights the technical solutions and schema for implementing the AEOI Standard.
- Addresses the issue of data security and confidentiality with respect to Automatic Exchange of Information. The OECD has stated that AEOI may not be appropriate where the confidentiality and security of the data cannot be ensured in its guidance note on AEOI.
- Does not mandate that information be exchanged on a retroactive basis, or contain a mandatory "look back" period. As the AEOI Standard calls for the exchange of information between countries, a juridical/legal instrument such as a bilateral FATCA-styled intergovernmental agreement, a bilateral treaty or a multilateral.

### • Discretionary and Advisory Management Services Now Available

**S**INCE RECEIVING its bank license in 2014, Equity has continued to develop its team of financial professionals dedicated to offering full wealth management services. A new milestone has recently been reached with the offer of discretionary and advisory management services.

Discretionary management is the solution for clients who wish to assign the management of their assets to Equity's team of financial experts. These mandates are jointly defined by the bank and the client. This process is essential as Equity attaches great importance in correctly defining the investment profile which best matches client's expectations in terms of risk and performance. Thanks to a very extensive network and close ties with the financial industry's best professionals, Equity offers high-conviction active management with suited solutions that reflect the best strategic allocation. A flexible approach combined with opportunism and capital protection tools is at the centre of performance generation.

Clear investment processes and communication coupled with respect for privacy and confidentiality are basic tenets of relationship management at Equity. The starting point is to understand each client's personal situation and identify his or her investment objectives. Regular meetings are a crucial part of the relationship as they help to get ahead of future needs as well as fulfill current ones. But the first step is the construction of an investment policy to define the general investment goals and objectives of the client. Specific information on matters such as asset allocation, risk tolerance and liquidity requirements are crucial for the establishment of the portfolio.

All asset classes and instruments can be used according to the criteria determined in consultation with clients. Equity aims at remaining independent at all business stages, and has no incentive to favour one partner over another. In order to fulfill its investment management free of conflicts of interest, the bank uses an open architecture approach and will select the best solutions for each individual, and favour simple and clear investment decisions. The client must understand the strategy and the tools used in building his portfolio and avoid excessive complexity of investment strategies. The philosophy rests on simple but strong ideas, a stable risk-adjusted return over time, appropriate choice of mandate related to client's profile and needs, preservation of capital in stress periods and reducing the overall risk of the portfolio. This is the key to outperform in the longer term.

Advisory mandates are also defined together with the client, but in this case Equity only makes recommendations to the client and provides, based on the client's needs, all the necessary information to make investment decisions. This tailored solution is ideal for those clients wishing to profit from the Equity's expertise while retaining the authority to make final decisions. At all stages, the client remains in control of all investment decisions.

For both mandates, Equity's team knowledge and experience allows capital allocation according to the limits, constraints and restrictions that best fit the client's profile. A macroeconomic and financial environment evaluation and assessment are used to build adjusted and diversified portfolios and control risk at three levels: top-down through the strategic asset allocation, bottom-up through continuous monitoring of the chosen instruments, and finally risk-through control of investments' liquidity. This allows Equity to increase or reduce risk according to prevailing market conditions. The final step is to apply a continuous and systematic process that enables a global review of the client objectives according to the investment time horizon.

At the end, Equity wants to:

- Build mutual trust and respect and be transparent with its clients.
- Keep an open architecture and use best possible knowledge and expertise to outperform over time.
- Stay disciplined and systematic in its processes. ■

# Equity Bank And Trust: Views on Latin America

Ivlyln Cassar and Dillon Dean Speak with Hedgeweek

**L**ATIN AMERICA represents significant potential for Equity Bank And Trust Bahamas to build out its boutique private banking business as the continent enjoys shoots of economic growth. Ivlyln Cassar and Dillon Dean shared their views with Hedgeweek on the “significant potential” on offer, not only to extend the bank’s HNW client relationships in Brazil, Mexico and other key markets, but to help The Bahamas raise its profile as a gateway to the Americas. An edited version of the Hedgeweek is contained below.

Latin America represents a fountain of opportunities for financial services firms based in the Caribbean and given its proximity to a triumvirate of markets – Central America, South America and North America – The Bahamas is uniquely positioned to respond to the changing economic conditions of the region.

There’s no doubt that Latin America is a strategic hot bed for those wishing to bring bespoke financial services to the growing HNW investor base in markets such as Brazil and Mexico.

Equity Bank and Trust Bahamas Ltd certainly views Brazil as a key market. As Dillon Dean, its Managing Director, explains: “Our initial focus is on Brazil, which is Latin America’s largest market. Admittedly its economy fluctuates and goes up and down, but we’ve seen confidence returning post the latest political turmoil. We are hopeful that the Petrobras situation will be resolved shortly and that Brazil will stabilise because the potential there is tremendous in terms of infrastructure and building out its economy.”

Brazil is Latin America’s largest individual economy, accounting for 40 percent of the region’s total GDP. Brazil’s businesses are even more dominant, comprising 45 percent

of the region’s companies, and capturing 51 percent of the revenue generated by the Latin Trade Top 500.

“Naturally, the proportion of wealth being created in Brazil outweighs the other Latin American jurisdictions. Thus it calls for attention to the number of wealthy Brazilians that may utilise the services we offer,” adds Ivy Cassar, Equity’s Vice Chairperson.

“Nonetheless, we remain welcoming to all of Latin America, as the region collectively boasts Latin America is a large market with high growth potential that is increasingly important to the world economy. The region’s GDP of US\$7.4 trillion already accounts for 8.5 percent of global GDP, and by 2017 its real GDP growth rate is expected to surpass that of all other regions except the Middle East and North Africa.”

Another important market that Equity Bank is training its sights on is Mexico, Latin America’s second largest jurisdiction.

“We also have our eyes on Colombia where we have seen a lot of reform, a lot of movement in terms of growing that economy, but there’s still a long way to go,” says Dean. “We believe that Colombia, with its natural resources – similar to Brazil and Mexico – has significant growth potential and The Bahamas is looking very closely at this jurisdiction. Furthermore, Peru and Chile have potential and Argentina has cleaned up its debt problems and appears to be open for business again.”

As Latin America grows, Dean feels the Caribbean will likewise grow. The Bahamas is just three hours from Mexico City, for example, and Panama, which is a hub for

Central and South America. It is in the same time zone as Miami and New York. Between North, Central and South America it is very well positioned with respect to the type of services that Equity Bank, can provide.

Latin America is “on the radar” of the offshore captive industry, opines Cassar, with its proximity being only one factor that makes it an alluring proposition as a potential source of business and insurance products, which are quite popular in jurisdictions such as Chile and Peru.

“The flexibility of our legislation allows for adaption to the cultural norms of the countries. This is evident by the ICON fund which emulates the limited partnership style of business in Brazil. Our opportunity is resident in the ability to provide tax-saving strategies to Latin Americans emulating the business structure norms of their jurisdictions.

“Furthermore, we provide centralisation services for their banking, trust and family office needs. The government of The Bahamas has an advantage in that it has a public private partnership with the financial services sector and is very responsive to changes in regulation, cultural norms and the needs of Latin Americans,” explains Cassar.

## Full Banking Services Available

One recent development that is likely to boost Equity Bank’s business potential in Latin America is the approval of its banking license by the Central Bank of The Bahamas. This now enables Equity Bank to offer full banking services and is being headed up by Alain Kunz, who brings more than 20 years’ private banking experience to the table, having previously worked for UBS and several Bahamian based asset management groups.

“We see banking as the next obvious growth area of the business,” stresses Dean. “We took our time introducing it because the provision of banking services is a sensitive area and we wanted to be fully prepared. Initially, we led with trust services and ancillary corporate products and, specifically with respect to Latin America, we led with investment funds such as the ICON, which the Brazil market is very familiar with.”

Now, with banking services at its disposal, it gives Equity Bank the ability to leverage synergies in terms of cross-selling opportunities: for example, it can act as the custodian, the asset manager, provide payment services and so on.





"We can do more with our existing clients rather than just provide investment structures for them. We can take on their assets and safeguard them as the custodian. What we have found, as a boutique private bank, is that by partnering with larger institutions – particularly in Brazil – we can provide them with services that they are not necessarily well positioned to provide for their clients: custody services, investment fund administration services, etc."

What Equity Bank is finding, from time to time, says Dean, is that clients will tell these large institutions that they don't want to put all their eggs in one basket as it relates to custody services. "Why not put 20 per cent of my assets in custody with Equity Bank?" they ask. This makes sense as it reduces their counterparty risk exposure."

"As a result, having a banking license should prove to be a useful growth extension to what we do," adds Dean.

In short, private banking is just one of four areas of expertise that Equity Bank intends to focus on as it looks towards Latin America. In total, they include:

- **Investment Funds Provision**
- **Private Banking**
- **Residency Options**
- **Family Offices and Multi-Family Offices resource sharing.**

## Tailored Products for LatAm Market

With respect to investment funds provision, the products that Equity Bank can offer Latin America are tailor-made compliant products.

In Brazil, for example, the Smart Fund 007 is a vehicle that has been designed specifically for that market; whether it is a private fund or a retail fund, the structure of the Smart Fund 007 allows that fund to invest a certain amount of assets offshore in The Bahamas.

This gives Brazilian investors more international exposure and diversity and allows assets to be invested outside of the country.

Then there is the ICON fund, which is another customised product for Brazil and other civil law jurisdictions. Unlike a regular entity, when income is distributed out to beneficial investors in the ICON it retains its character as a capital gain and is not treated as a dividend payment, which would then be subject to tax, (10 percent in Mexico, for example). So this brings certain tax advantages as it relates to assets being distributed out of the fund, in addition to deferred tax opportunities for assets remaining in an investment fund, until those assets are redeemed.

"We've seen significant growth for such compliant products in Latin America and we think we will continue to see strong growth going forward," suggests Dean.

The Smart Fund series has been a great success. Smart Fund 004, for example, can have a maximum of five investors operating as a private investment company and is popular with single and multi-family offices. Then there is Smart Fund 007, which is increasingly being adopted by Latin American investment managers. This is because the flexibility of Smart Fund 007 allows for it to be offered to up to 50 "super-qualified investors" who must each make a minimum initial subscription of US\$500,000.

When the fund gets to a certain size, the investment manager can then upgrade their license to a professional fund to take on additional investors. So it's an effective route to market for managers wishing to build performance and AUM in the fund.

Whether it is a HNW investor or an investment fund manager, they can use the SMART Fund product to customise it based on their specific needs and objectives.

## ICON Fund: Broader LatAm Potential

In Dean's opinion, the ICON Fund illustrates a level of innovation from The Bahamas in terms of how to understand a jurisdiction (Brazil) at a fundamental level. The Investment Condominium is very familiar in Brazil and as Dean comments: "Structuring the ICON to mimic a fund structure in Brazil was a stroke of genius because people there immediately understand the tax ramifications and consequences to using such a structure; it makes it much easier to market the product as a result."

He says that Equity Bank has started to pitch the ICON to Mexico, which is also a civil law jurisdiction. "Once it is used in combination with trust products, the ICON can provide estate and succession planning opportunities to the next generation so it is multi-layered in terms of its approach. It is still an emerging product in Mexico but we are seeing interest as we present the advantages to prospects and we aim to build on the success we've enjoyed so far in Brazil," confirms Dean.

He adds: "I think the ICON has the potential to become a flagship product in civil law Latin American jurisdictions. We will continue to liaise with industry professionals in Mexico, and possibly Colombia. In Chile and Peru, insurance products are often used by HNW individuals with respect to tax planning. It is therefore possible we could couple the ICON with an insurance product to offer in those markets."

The following, according to Cassar, are some of the main features of ICON that serve to illustrate why it has met with such success in Latin America:

There is a tax deferral on earnings within the ICON allowing monies to be grown tax free until withdrawn.

As the ICON shares some similarities to a partnership, it does not have an independent legal identity, which makes it transparent to Latin American tax regimes.

The flexible reporting regulations of Bahamian funds (including the ICON) allows for the exemption of the need for an ICON to be audited (with total consent from the investors).

"This allows for cost savings in many situations, especially in the instance of managing real assets, in which there is not active cash flow for the fund to necessarily afford this additional expense," says Cassar. ■

Rather, it is embraced as sacred pact with the many stakeholders who have come to rely on and recognise the Bahamas for its financial services acumen over the years.

Four vital features are at the heart of what distinguishes The Bahamas as an international financial centre of significance: Integrity, Expertise, Innovation and Location. Everything The Bahamas offers is defined by these four words. Everything that comprises The Bahamas value proposition and continued success as a leading international financial services centre is guided by these distinguishing factors.

## REGULATION

Integrity pervades all aspects of the financial services industry of The Bahamas. As a sovereign nation for more than 40 years, successive governments have consistently demonstrated the country's commitment to international best practices, cooperation in the administration of justice, international tax transparency, anti-money laundering and the countering of financial terrorism initiatives. Bahamian regulators are well regarded and active partners with international peer groups and agencies. There is collaboration between government and private sector to ensure that the Bahamas remains a well regulated, blue chip international financial centre. In fact, The Bahamas Financial Services Board (BFSB) was established in 1997 to create a public-private partnership and forum for open dialogue about the challenges and opportunities facing the country's second most important economic sector. The integrity of the jurisdiction is evidenced by the following:

- A strong anti-money laundering, counter financing of terrorism regime;
- Tax transparency and cooperation
- US Foreign Accounts Tax Compliance Act implemented (FATCA Compliance); and

- Commitment to Automatic Exchange of Information/The Common Reporting Standard.

## EXPERTISE

With an 80 plus year track record in financial services, few jurisdictions offer the wealth management experience that The Bahamas has to offer. This heritage is the basis for the strong legal framework that has been cultivated for financial services, an investment climate that has been nurtured through years of maturity and a stable and predictable business environment anchored by the thousands of Bahamian wealth management professionals who work side-by-side with expatriate colleagues in the more than 250 financial institutions that call The Bahamas their home.

## INNOVATION

Market responsiveness has long been a part of The Bahamas' DNA as a forward thinking IFC, and has been the basis of legislation creating innovative, client-centric products and services in a modern, compliant regulatory regime. Such innovation can be seen in the country's evolving and often ground-breaking trust legislation. It led The Bahamas to become the first common law jurisdiction to introduce foundations. It sparked the Bahamas Executive Entity and has thrust The Bahamas into the forefront of the investment funds industry with the introduction of SMART Funds and the Investment Condominium (ICON) fund. And with this innovative spirit it should come as no surprise that the country's once dormant insurance business has re-emerged as a sought-after destination for captives.

The innovation experienced in the sector is fuelled by a progressive investment climate that seeks to place financial services in the context of development.

## LOCATION

The unique geographical location of the Bahamas, just 50 miles off the coast of Florida and positioned as the gateway to the wider Americas, is an undeniable advantage for The Bahamas. Our proximity to the U.S., Central and South America places The Bahamas in an enviable position to serve both our traditional and emerging markets and presents an opportunity to link commercial and financial interests. In recent years, as more and more individuals have chosen to "follow their money" with respect to where they live and work, The Bahamas with its tropical environment has become the preferred choice for many who yearn for an excellent quality of life whilst being able to manage their financial affairs. Most importantly, individuals, family offices and institutions will find a warm welcome when they come to The Bahamas as the country is committed to utilising its natural resources and cultivated assets to create an environment that is attractive to business and the enjoyment of life. Few competitive jurisdictions can claim – or duplicate – the business and lifestyle combination which exist naturally in The Bahamas.

## The Jurisdiction of Choice

Integrity, Experience, Innovation and Location are the pillars of financial services in The Bahamas. In combination they form a compelling reason to consider The Bahamas as place to do business and will continue to guide the jurisdiction's pathway to be a provider of superior financial products and a world class client experience. ■



**EQUITY**  
BANK AND TRUST BAHAMAS LIMITED

Equity Trust House, Caves Village  
West Bay Street, P.O. Box N-10697  
Nassau, N.P., The Bahamas  
E/ info@equitybahamas.com  
**equitybahamas.com**