



Market Notice

Bahamas Government Securities Depository

The Central Bank of The Bahamas, in its role as Registrar for the Bahamas Government’s domestic securities, continues to pursue and introduce initiatives designed to modernize these arrangements for the benefit of market participants.

In this latest initiative, the Central Bank announces the launch, on November 26, 2018, of its Centralized Securities Depository, “the Bahamas Government Securities Depository (BGSD)”. The BGSD will serve as the primary register and settlement system for Government and Government Agency securities. By helping to expedite the buying and selling processes for Government securities, this modern electronic platform will ultimately pave the way for a more efficient and vibrant debt securities market.

As a result of ongoing market enhancements, existing and potential Government bond investors should note the following changes that are due to take effect:

November 26, 2018

1. BGSD will become the new registry for Government and Government Agency securities. Paper certificates—such as those produced for Bahamas Registered Stock (BRS)—will eventually be replaced by electronic records. This means that lost or damaged certificates will no longer create a delay in processing, principal payments at maturity will no longer require the surrender of paper certificates to the Central Bank, and bond redemptions over the Central Bank counter will only require the owner to present two (2) forms of Government-issued identification, one of which must be the National Insurance Smart Card.
2. Final date for Central Bank customers to provide the Central Bank with updated account information, failing which non-compliant customer holdings will be frozen until the requested information has been provided.
3. In seeking to purchase Government securities, different conditions will apply for transactions to be conducted via:

- a. the primary market, i.e., through Initial Public Offerings (IPOs) or
- b. secondary market trades, i.e. the trading (purchasing or selling) of securities after the IPO date.

The following should be noted.

If You Are:	Investing	Contact
An existing Central Bank customer	Any amount	Central Bank or a broker-dealer of your choice
An existing broker-dealer customer	Any amount	A broker-dealer of your choice
A new Government bond investor	Up to \$100,000	Central Bank or a broker-dealer of your choice
A new Government bond investor	More than \$100,000	A broker-dealer of your choice

4. To sell securities:

If You Are:	Selling	Contact
An existing Central Bank customer	Any amount	Central Bank
An existing broker-dealer customer	Any amount	A broker-dealer of your choice

January 15, 2019

Co-listing of Government Bonds in BGSD and on the Bahamas International Securities Exchange (BISX).

1. As announced by the Government, a decision has been taken to co-list Government bonds on both BGSD and BISX, with the objective of promoting more efficient market trading and better pricing of the bonds through market bidding. As part of this change, new rules will apply for existing or new investors, in terms of where they will be allowed to purchase new issues of bonds or sell existing holdings.
2. To acquire new and secondary market bonds:

If You Are:	Investing	Contact
An existing Central Bank customer	Up to \$100,000	Central Bank or a broker-dealer of your choice
An existing Central Bank customer	More than \$100,000	A broker-dealer of your choice
An existing broker-dealer customer	Any amount	A broker-dealer of your choice

A new Government bond investor	Up to \$100,000	Central Bank or a broker-dealer of your choice
A new Government bond investor	More than \$100,000	A broker-dealer of your choice

3. To sell existing holdings of bonds:

If You Are:	Selling	Contact
An existing Central Bank customer	Up to \$100,000	Central Bank or a broker-dealer of your choice
An existing Central Bank customer	More than \$100,000	Central Bank (if liquidating all holdings) or a broker-dealer of your choice
An existing broker-dealer customer	Any amount	A broker-dealer of your choice

Market prices for securities will be published and accessible in real time at <https://bisxbahamas.com/price-sheet/>. The real time electronic trading of securities over the BISX platform will afford customers full access to terms by which securities may be acquired and/or liquidated, meaning, at, above or below par.

The Central Bank is committed to the development of the Government securities market in accordance with international good practices. It is the Bank's vision that the further development of the market will inform investors on the benefits offered by investing in sovereign Bahamian debt. Accordingly, the Central Bank will continue to review and refine its activities to ensure alignment with the principles of promoting market accessibility, efficiency, and transparency, while providing arrangements that protect market participants against threats of fraud and consumer exploitation. Over time, the Central Bank and the Ministry of Finance will increase reliance on market-driven outcomes in the Government bond arena. This means that investors will notice reduced access to services provided directly through the Central Bank counter and an increased reliance on services through the securities exchange and the private broker dealers.

Transaction costs provided by the broker-dealer community follow at the end of this notice. Queries may be directed to the Banking Department at 302-2620 or emailed to domesticdebt@centralbankbahamas.com.

APPENDIX

Institutional Fees Applied for Bahamas Registered Stock Transactions					
Institution	Transaction Type	Base Cost	Cost per Transaction	Criteria	Example (\$10,000 IPO subscription)
Broker Dealers					
FG Capital Markets Ltd.	IPO	\$ 50.00	0.25%		\$10,000 IPO Purchase Cost of share: \$10,000 Service fee: \$50 Transaction fee: $\$10,000 * 0.25\% = \25 Total Cost: \$10,000 + \$50 + \$25 = \$10,075
	Secondary Market	\$ 75.00	0.50%		
Leno Corp. Services Ltd.	IPO	\$ 100.00	0.20%		\$10,000 IPO Purchase Cost of share: \$10,000 Service fee: \$100 Transaction fee: $\$10,000 * 0.20\% = \20 Total Cost: \$10,000 + \$100 + \$20 = \$10,120
	Secondary Market	\$ 100.00	0.25%		
Providence Advisors Ltd.	IPO	\$ 75.00	0.25%	\$500 min.	\$10,000 IPO Purchase Cost of share: \$10,000 Service fee: \$75 Transaction fee: $\$10,000 * 0.25\% = \25 Total Cost: \$10,000 + \$75 + \$25 = \$10,100
	Secondary Market	\$ 75.00	0.25%	\$500 min.	
Royal Fidelity	IPO/Secondary Market	\$ 100.00	0.50%	Minimum charged based on account classification	\$10,000 IPO Purchase Cost of share: \$10,000 Service fee: \$100 Transaction fee: $\$10,000 * 0.50\% = \50 Total Cost: \$10,000 + \$100 + \$50 = \$10,150

Prices listed above do not include Value Added Tax (VAT) and Government Stamp Tax (GST).