

The Central Bank of The Bahamas

GUIDANCE NOTE (GN:1-06/07 rev. 1[07/07])

Re: Supervision of Nominee Activities of Subsidiaries and Related Companies of Banks and Trust Companies

This Guidance Note replaces the Central Bank's Regulatory Policy Statement on Nominee Trust Company Licence (RPS 04-01), issued 15th November 2000, and is intended to: a) clarify, update and formalize existing Central Bank practice related to licensee's nominee activities and b) support the Central Bank's effort to provide effective consolidated supervision of banks and trust companies in The Bahamas.

A. Related Nominee Companies Incorporated to Hold Assets

1. It is the Central Bank's policy that where a) a subsidiary company or b) a related company of a licensee of the Central Bank has been incorporated to provide nominee services for holding securities and other assets in its name on behalf of clients of its parent bank or trust company or other group bank or trust companies, that company should be licensed as a nominee trust company under the Banks and Trust Companies Regulation Act, 2000. Licensees may refer to the Central Bank's Licence Application Guidelines for further guidance.
2. Licensees which may have registered or licensed subsidiaries or related companies under another regulatory agency, such as the Inspector of Financial and Corporate Service Providers, are required to notify the Central Bank to facilitate the regularization of these activities.

B. Related Nominee Companies Incorporated to Provide Corporate Services

1. It is the Central Bank's policy that a licensee of the Central Bank may provide nominee services including provision of corporate directors and officers, on behalf of its clients:-
 - (a) under its existing bank and trust or trust company licence;
 - (b) by incorporating a subsidiary company and obtaining a nominee trust licence; or
 - (c) by incorporating a company and making application to the Inspector of Financial and Corporate Service Providers for licensing of the subsidiary or related nominee company under the Financial and Corporate Services Providers Act (FCSPA).

2. All such subsidiary entities will be subject to consolidated supervision by the Central Bank and, as such, the audited financial statements should be filed on their behalf with the Central Bank on an annual basis.
3. The Governor may also request additional information from the licensee with respect to the operations of its subsidiaries or related companies, when necessary. In addition, the Central Bank expects the parent company's annual Corporate Governance certification to be inclusive of the operations of such subsidiaries.

All affected licensees are required to comply fully with this Guidance Note by 31st December 2007.

Any questions regarding this Guidance Note should be directed to:

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