

# The Central Bank of The Bahamas

## GUIDANCE NOTE (GN: 01-03/08)

### ADDITIONAL EXPLANATION:

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

This Guidance Note further clarifies the Central Bank's policy with respect to the use of international business companies by licensees to provide nominee services. This Guidance Notice specifically addresses section B 1 (b) of Guidance Note (GN: 01-07/07 rev.1[07/07]) on the Supervision of Nominee Activities of Subsidiaries and Related Companies of Banks and Trust Companies issued on July 12<sup>th</sup>, 2007.

#### A. Treatment of International Business Companies (IBCs):

1. It is the Central Bank's policy that where a subsidiary company or a related company of a licensee of the Central Bank has been incorporated under the **International Business Companies Act, 2000 (IBCA)** to provide nominee services on behalf of its clients or other group bank or trust companies, such subsidiaries or related companies are eligible to hold a **nominee trust licence** under the Banks and Trust Companies Regulation Act, 2000. Licensees may refer to the Central Bank's Licence Application Guidelines for further guidance on the application process and procedures.
2. Where nominee services are provided through a subsidiary or related company, which is a foreign IBC, i.e. an entity incorporated in a foreign jurisdiction as an IBC, such a subsidiary or related company will have to be continued under the IBCA to be eligible for a nominee trust licence.

#### B. Annual Filing Requirements:

1. Given the limited nature of their business, the Governor of the Central Bank has decided to waive the requirement for all nominee trust licensees to file annual audited financial statements with the Central Bank pursuant to section 8(1) of the Banks and Trust Companies Regulation Act, 2000, provided that the financial statements of a nominee trust licensee is consolidated into the annual audited financial statements of its parent. However, in cases where the financial statements of a nominee trust licensee is not consolidated into the annual audited financial statements of its parent, a nominee trust licensee will be required to provide an annual Directors' and Auditors' Certificate confirming compliance with its licence mandate in lieu of annual audited financial statements.

### **C. On-site Examinations:**

1. As the Central Bank supervises its licensees on a consolidated basis, subsidiaries or related companies of a licensee of the Central Bank, which has been incorporated to provide nominee services, will be examined in the course of an on-site examination of their parents.

### **D. Extension of Deadline:**

1. The deadline for licensees to comply with this guidance is extended to June 30<sup>th</sup> 2008.

Any questions regarding this Guidance Note should be directed to:

The Policy Unit  
Bank Supervision Department  
The Central Bank of The Bahamas  
Market Street  
P.O. Box N 4868  
Nassau, Bahamas  
Tel (242) 302-2615  
Fax (242) 356-3909  
Email: [Policy@centralbankbahamas.com](mailto:Policy@centralbankbahamas.com)

**Issued:** 14<sup>th</sup> March, 2008