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BANKS AND TRUST COMPANIES (PAYMENT OF DIVIDENDS) REGULATIONS, 2025

Arrangement of Regulations

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MINISTRY OF FINANCE

S.I. No. 12 of 2025

**BANKS AND TRUST COMPANIES REGULATION ACT,
2020
(NO. 22 OF 2020)**

**BANKS AND TRUST COMPANIES (PAYMENT OF
DIVIDENDS) REGULATIONS, 2025**

In exercise of the powers conferred by section 82 of the Banks and Trust Companies Regulation Act, 2020 (*No. 22 of 2020*), the Central Bank of The Bahamas makes the following Regulations —

1. Citation.

These Regulations may be cited as the Banks and Trust Companies (Payment of Dividends) Regulations, 2025.

2. Interpretation.

In these Regulations —

“**the Bank**” has the meaning assigned to it by section 2 of the Central Bank of The Bahamas Act (*No. 24 of 2020*);

“**commercial bank**” means a bank —

- (a) licensed under the Banks and Trust Companies Regulation Act, 2020 (*No. 22 of 2020*), to carry on banking business in The Bahamas; and
- (b) designated as an authorized dealer in the Exchange Control Regulations, 1956¹;

“**Inspector**” means the office of Inspector of Banks and Trust Companies established under section 27 of the Act;

“**shares**” means ordinary or preference shares in the share capital of a Supervised Financial Institution;

¹Sub. Leg., Vol. VI, (*Ch. 360-5*).

“Supervised Financial Institution” or **“SFI”** means any commercial bank, bank or trust company licensed under the Banks and Trust Companies Regulation Act, 2020 (*No. 22 of 2020*);

“the Act” means the Banks and Trust Companies Regulation Act, 2020 (*No. 22 of 2020*).

3. Approval of payment of a dividend.

- (1) A SFI shall obtain the approval of the Bank, in order to declare or pay any dividend on its shares during any financial year where —
 - (a) the SFI is a Commercial Bank;
 - (b) the proposed dividend payment exceeds the SFI's prior year's net or interim profits;
 - (c) payment of any dividend will result in the SFI reporting negative retained earnings;
 - (d) payment of dividends would result in the SFI's capital falling below its minimum capital requirement;
 - (e) the dividend payment involves an exchange control application;
 - (f) the SFI has commenced liquidation proceedings; or
 - (g) in such other case, as the Bank may specify by notice.
- (2) Where a SFI declares or pays any dividend on its shares during any financial year pursuant to paragraph (1), the SFI must complete and submit to the Bank, an Application for approval of dividend payment.
- (3) The Bank, in considering any Application for approval of dividend payment from an SFI, shall have regard to —
 - (a) the financial condition or solvency of the SFI; and
 - (b) the economic or other relevant conditions applicable at the time of the submission of the SFI's application.

4. Notice of dividend payment.

- (1) A dividend from an SFI shall be paid out of its prior financial year's net profits, as reported in the annual financial statement of the SFI's accounts, prepared pursuant to section 20 of the Act.
- (2) Where an SFI is reasonably well capitalized and any dividend declared is less than the prior year's net profits, the Board of Directors of an SFI must, prior to paying any dividend, file a Notice of Dividend Declaration at the Bank, within seven days after the declaration of any dividend payment.
- (3) Notwithstanding paragraph (1), a Commercial Bank shall not, without receiving the prior written approval of the Bank, pay out any dividend on its shares.

5. Restriction of payment of a dividend.

The Inspector may impose any restriction on any SFI in relation to the payment of any dividend where —

- (a) the Bank is satisfied that on paying any dividend, the SFI will be unable to meet its liabilities as they become due; or
- (b) the payment of any dividend will cause, or is likely to cause, the SFI to fail to comply with its minimum capital adequacy requirements specified under Part IV of The Bahamas Capital Regulations, 2022 (*S. I. No. 70 of 2022*).

6. Revocation of S. I. No. 24 of 2005.

The Banks and Trust Companies (Payment of Dividends) Regulations, 2005, is revoked.

Made this 11th day of February, 2025.

Signed
JOHN ROLLE
Governor
THE CENTRAL BANK OF THE BAHAMAS