



Opalesque Roundtable Series '22

BAHAMAS

Editor's Note

The Bahamas' Pioneering Legal Groundwork for Digital Assets Industry

Roundtable & Interactive Webinar with **Christina R. Rolle, Executive Director, Securities Commission of The Bahamas**

In a [previous Opalesque Roundtable](#) we examined how “tiny” Bahamas was able to beat global giants in the Central Bank Digital Currencies (CBDC) race when in 2019 it launched its “sand dollar” – a digital version of the Bahamas Dollar and controlled by the central bank – effectively beating China's “digital renminbi” by six months. PricewaterhouseCoopers (PwC) has given the Sand Dollar the highest ranking — above even China's digital yuan — in a report ranking Central Bank digital currencies.

We have all witnessed the explosive growth of virtual currencies and the need for a jurisdiction like The Bahamas as an international financial centre with a considerable wealth management focus to equip itself with compliant and competitive legislation to participate in the digital asset space.

In a consequential next step, the passage of the Digital Assets and Registered Exchanges Bill (DARE Bill) in 2020 has put in place the legal framework for a vital, well-regulated and compliant industry in The Bahamas for those interested in entering the digital asset space.

When the Bahamas Government issued a groundbreaking white paper in 2022 called “[The Future of Digital Assets in The Bahamas](#)”, investors and players in the digital assets industry globally took notice as the paper included a five-year plan for the industry. The paper is not only opening the door to accept the new payment systems that are coming, but foremost, the Government's outspoken long-term commitment provides the certainty that clients and businesses need to strategically plan and execute their digital assets business.

All in all, by 2022, The Bahamas has managed to lay a wide regulatory foundation for digital assets. This includes the facilitation of digital token exchange registration and the provision of services related to them, the regulation of digital assets-based payment service businesses, and for the registration of financial services related to the creation, issuance or sale of digital tokens and other digital assets.

Get first hand insights in this transcript from the panelists of the 2022 Opalesque Bahamas Roundtable:

1. Christina R. Rolle, Executive Director, Securities Commission of The Bahamas
2. Alexander M. B. Christie, Partner, McKinney, Bancroft & Hughes
3. Valdez K. Russell, Vice President of Communications & Corporate Social Responsibility, FTX Digital Markets
4. Chris Illing, ActivTrades Corp, Honorary Consul of the Federal Republic of Germany in The Bahamas
5. Wendy Warren CPA, Managing Director, Caystone Solutions
6. Tanya McCartney, CEO & Executive Director, The Bahamas Financial Services Board
7. Christel Sands-Feaste, Partner, Higgs & Johnson

... and make sure to register for the interactive **Opalesque Webinar with the Securities Commission of The Bahamas**



THE BAHAMAS' FRAMEWORK FOR DIGITAL ASSETS BUSINESS

Wednesday, Sept. 28th 11 am ET - free registration:
<https://www.opalesque.com/webinar/#uw2>

with Christina R. Rolle, Executive Director, Securities Commission of The Bahamas to enjoy an in-depth look at the business and regulatory environment for digital assets in The Bahamas and how the jurisdiction is taking steps to maintain and enhance this environment.

Themes to be covered:

1. Overview of The Digital Assets Policy White Paper
2. Overview of the DARE Act
 - a. The registration process – who can participate?
 - b. Reporting and Disclosure Requirements
 - c. Investigation and Cooperation Offences and Penalties
3. AML/CFT and DARE
4. Investor Protection Elements
5. What differentiates the Bahamas' digital assets regulatory framework from that of other countries
6. Enhancements to the Regulatory Framework On the Horizon

The webinar is LIVE and interactive, so you can ask questions any time. The session will be recorded, so please register, also if the time does not work out: 24 hours after the webinar, we will mail a user friendly video replay of the session to all registrants.

Wednesday, Sept. 28th 11 am ET - free registration: <https://www.opalesque.com/webinar/#uw2>

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Featured Speakers



Christina R. Rolle

Executive Director
Securities Commission of The Bahamas



Alexander M. B. Christie

Partner
McKinney, Bancroft & Hughes



Valdez K. Russell

Vice President of Communications & Corporate Social Responsibility
FTX Digital Markets



Chris Illing

ActivTrades Corp,
Honorary Consul of the Federal Republic of Germany in The Bahamas



Wendy Warren CPA

Managing Director
Caystone Solutions



Tanya McCartney

CEO & Executive Director
The Bahamas Financial Services Board



Christel Sands-Feaste

Partner
Higgs & Johnson



Matthias Knab

Founder
Opalesque

Matthias Knab

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.

Market responsiveness has long been a part of The Bahamas' DNA as a forward thinking International Financial Center (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.

Looking into the future, the continued success of the Financial Services Sector will depend on Innovation as a means of Increased Competitiveness. So, we see that The Bahamas is not resting on its laurels but has introduced further changes to The Investment Funds Act and most recently published a groundbreaking [Digital Assets Policy white paper](#).

I've also seen almost all global leaders together with thousands of practitioners from the digital asset and cryptocurrency space convene in Nassau for a conference produced by Bahamas-based cryptocurrency exchange FTX and Skybridge Capital.



With this backdrop, Christina, could I ask you **what does the future look like from you vantage point as Executive Director at Securities Commission of The Bahamas? How do you see the role of The Bahamas?**

Christina Rolle: Thank you for setting up that backdrop, Matthias. I would also add that in addition to our innovative thrust, The Bahamas has done and continues to do substantial work to ensure that we reset the outdated and inaccurate “tax haven”, “non-compliant” narrative. It is important to us that the jurisdiction not only keeps pace with but, anticipates international best practices and is viewed globally as best in class with respect to our regulatory framework. This also is a big part of our story and the evolution and innovation you see in our financial services industry.

In terms of The Bahamas’ role as an international financial centre, I see us continuing to position ourselves as the place to be for persons who want to grow their businesses in a legitimate yet practical regulatory environment. We have all the elements to make this happen.

If you take The Bahamas’ approach and positioning with respect to the enactment of the **Digital Assets and Registered Exchanges Act**, 2020 as an example, you can clearly see that we, as regulators, took the time to speak with industry, to understand the needs of operators and more importantly to understand where regulation can play a much needed role for the protection of consumers and investors. In designing the legislation, we took a pragmatic approach that would enable us to address the space with robust authority but also with flexibility as it evolves. This is always the approach in The Bahamas – where regulators study the markets and take into consideration the needs and feedback from stakeholders.



“ One advantage that The Bahamas has over other jurisdictions, that are wading into the digital asset waters, is that we have a depth of experienced financial services professionals who are able to understand and apply sound principles in the areas of compliance, custody, banking, etc. that transcend any particular product or asset class. ”

In terms of industry, one advantage that The Bahamas has over other jurisdictions, that are wading into the digital asset waters, is that we have a depth of experienced financial services professionals who are able to understand and apply sound principles in the areas of compliance, custody, banking, etc. that transcend any particular product or asset class. This depth of experienced professionals bodes well for companies that are looking to put their flag in the ground, as they can find lots of local talent and only have to import talent for highly specialist tasks.

As for the Government, you can clearly see from its [white paper](#), that was recently issued, that the Government is committed to the growth and development of financial services and has a keen interest in promoting and developing the digital asset space, in particular. For companies that are looking to relocate to The Bahamas, this commitment from the highest levels should provide some comfort as they invest in the country.

Matthias Knab

What would you as Bahamas-based key companies and personnel here on the ground like to add? What synergies are being created by this confluence of a strong foundation in traditional finance together with your innovative leadership now in digital assets and other initiatives?

“ **At FTX we believe The Bahamas will be the best jurisdiction for cryptocurrency digital assets.** ”

Valdez Russell: Certainly. My name is Valdez Russell, I am the vice president for Communications and Corporate Social Responsibility at FTX Digital Markets here in The Bahamas. At FTX we recognize that The Bahamas is our home, and **we believe The Bahamas will be the best jurisdiction for cryptocurrency digital assets.** What this means is that we have an increased responsibility to be present, to bring together global thought leaders and innovators in such a way that will refresh the jurisdiction and that consequently other individuals will want to be literally at the table and in the space.

We recognize that there are so many opportunities for us to contribute. But at the core, we see ourselves as a catalyst for change while also being a champion for The Bahamas as the clear and compelling choice for financial services.



Wendy Warren: Valdez, I fully agree, and also want to underline what Matthias pointed out in his introduction, that it is important to note that we have continued to build on a very strong underpinning. There is a sound and proven infrastructure in place that has been built and modernized over the last 20 years. This is allowing us to move in a very confident fashion into the new economies and the various elements of these new economies.

One of the key elements of that infrastructure is a very strong public-private partnership where communication is open, frank, and also, sometimes challenging among all three participants that are involved with this agenda: government, regulator and private sector. This public-private partnership facilitates our engagement in creating and investing in digital assets, carbon credits, or ESG relevant solutions.

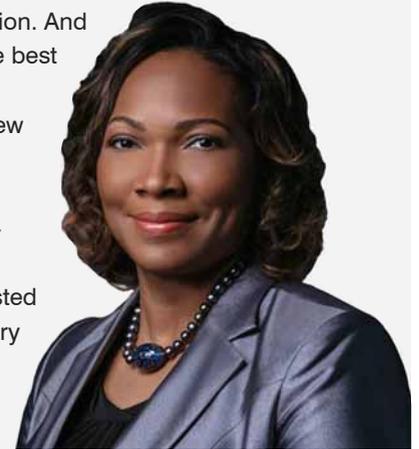
So, I'm really excited by this work and the most recent advances, which contribute so well to a refresh of the jurisdiction, as Valdez mentioned.



“ **There is a sound and proven infrastructure in place that has been built and modernized over the last 20 years. This is allowing us to move in a very confident fashion into the new economies and the various elements of these new economies.** ”

Christel Sands-Feaste: Valdez and Wendy already raised several good points: The Bahamas as a changemaker, our proven processes and track record in terms of collaboration, and innovation. And Matthias, as someone who has been on the ground here for many years, I do believe we are best in class in what we do. We have been in the IFC space for a very long time but we are also continually sharpening the pencil, moving the industry forward and developing innovative new products.

We saw the government distribute its whitepaper earlier this year which demonstrates a five-year plan for the industry. What is also very important not only for FTX but other firms considering The Bahamas is the availability of qualified Bahamian service providers and trusted partners that are available in the jurisdiction and who are all committed to moving the industry forward in a responsible way.



“The Bahamas government's white paper lays out a five-year plan, and I think something that is quite commendable about the government in that it recognizes the synergy that needs to be in place with the private sector”

Alexander Christie: You are right, and coming back to the white paper, I think it demonstrates the government's acknowledgement that this is the new era of finance globally which requires being innovative and proactive. The Bahamian government recognizes this and wants to be fully committed to be a leading player in this new world.

As we said, the white paper lays out a five-year plan, and I think something that is quite commendable about the government in that it recognizes the synergy that needs to be in place with the private sector, not only the Securities Commission, but other regulators as well in order to move forward and continually develop the plethora of legislation that's going to come out.



Chris Illing: What's also important for me is that the white paper that the PM released last week also includes guidelines to make sure that the new and future trading instruments involve adequate investor protection of both retail investors as well as institutional investors. They need to have a kind of a security that they are trading with something that has value and that is well regulated, and that those instruments are not being misused. I think that it is very important for the retail as well as institutional investors.



Matthias Knab

The Crypto Bahamas event attracted over 2000 people recently to The Bahamas. At Opalesque I also get a lot of enquiries and questions from people who are active in the digital asset, cryptocurrency or Web 3 space. Many of them are great technologists, but quite a few of them have not had exposure to the financial sector and thus many questions come up about the peculiarities in our space and things like regulation, or investor protection; aspects that also Chris just mentioned.

So, the education here needs to flow in two directions. The financially literate need to understand the tech, and the tech people more about the financial industry.

In that context, that Crypto Bahamas conference, while it certainly was impressive, wasn't really an overnight success but the result of decades of work and innovation from people like you here on The Bahamas.

For many of the new players coming from the tech side, it's probably the first time they began looking at jurisdictions and things like differences between financial centers.

What are the most significant changes that have occurred in The Bahamas financial services industry over the past few years? Why has The Bahamas become such a strong player in such a highly competitive but also regulated environment?

“ **The short one word answer as to why the Bahamas has become a strong player in the digital assets space is in fact 'Regulation'.** ”

Christina Rolle: I believe that the short one word answer as to why the Bahamas has become a strong player in the digital assets space is in fact “Regulation”. Not just the fact that we have a regulatory framework but really, the approach that The Bahamas has taken to its regulatory framework.

I've probably said it a few times before but, **The Bahamas took the approach that as opposed to trying to address crypto assets in a very shallow bucket as securities – we decided to put crypto assets in its own framework, essentially treating it as its own asset class.** This approach allows us to address the complexity of products we see being developed in the space without being confined within the perimeters of taxonomies and legal frameworks that were developed for traditional finance.



As capital markets regulators, we are mainly concerned about two things: market integrity and investor protection. The fact that we put crypto assets in its own space allows us to address those overarching concerns for all crypto assets and not just those that can be clearly identified as having the same characteristics as traditional securities. It also allows us to address the fluidity of products and the interaction between various types of crypto assets and products. We believe this approach is more holistic as opposed to trying to fit what you would call a square peg into a round hole.

I also think that our approach speaks to the nimbleness and flexibility we have as a small jurisdiction, not only to think through a framework but also, to get it through our parliament fairly quickly.

I would also say that our regulatory approach was a signal to the market that in The Bahamas, we have regulators who have taken the time to look at what the issues and risks are and, have decided to address those concerns in a practical way, while recognizing that the space is evolving.

So those were our strengths. As a regulator, though, of course I would say that the key to our initial success was the regulatory framework. The truth is, we also have a depth of experienced professionals in financial services, as I've said before, and at the end of the day, The Bahamas is still The Bahamas – to quote the astronaut Scott Kelly, *“The Bahamas is the most beautiful place on earth from space.”* I would add that it's also quite a good place to live.



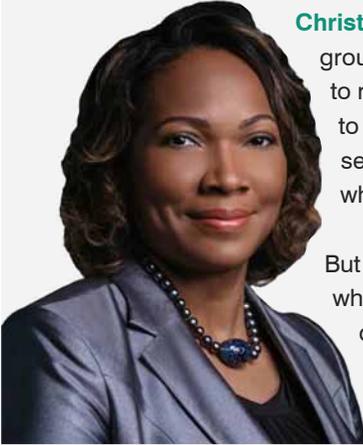
Alexander Christie: I think that you are touching on some important points here, and, for sure, The Bahamas historically has been very proactive in seeking out what is needed in the market. Let me give you a few specific examples for that: The Bahamas has very flexible trust legislation in terms of giving its settlor certain retained powers. We also have the Foundations Act, which is really a civil law structure, but that was integrated into our common law regime in The Bahamas to attract a different type of investor.

Or look at our ICON fund structure, which was targeted specifically for the Brazilian market. We were quite innovative with the Smart Funds regime which was really tailored for investors to allocate different risks in order to satisfy a very particular investor. So, The Bahamas has had a history of innovation in its legislation in order to attract investors and satisfy particular needs.



Wendy Warren:

I think the Bahamas as a Financial Center post 2000 had to become far more conscious of and proactive in reflecting global norms. As a result, our regulatory foundation has become strong. From a global connectivity perspective, we see this transition paying dividends today in light of what we endured in the past two decades.



Christel Sands-Feaste: Actually, when you think about the Mutual Funds Act, 1995 I think that was a groundbreaking piece of legislation not just for the development of Bahamian investment funds, but to regulate an entire space. There was an acknowledgment as long as 20+ years ago that we had to regulate the space and clients were looking for regulation. We continued the regulation of our securities and capital markets industry by the introduction of the Securities Industry Act of 1999 which was developed based on the model in Ontario, Canada.

But I would say, Matthias, what has been critical again, are the concepts of collaboration and agility which I mentioned before. The Bahamas has been agile and innovative, and we are committed to doing it again with projects like the Sand Dollar, the first Central Bank issued digital currency and the Government's whitepaper on The Future of Digital Assets in The Bahamas.

Wendy Warren: Christel, just thinking back, you and I have been doing this for a long time, and **no matter how established and recognized our products are now, at times we also needed to be fearless when we created them.**

You will probably also recall that when The Bahamas made certain changes such as the introduction of foundations, we received significant pushback because some people said, "Wait a minute – foundations, are these not tools for inappropriate behavior?" But we were very confident that our regime was strong enough to provide a robust, well-regulated environment in which foundations can be utilized in an appropriate manner. So, the perception of foundations might have been negative elsewhere, when we look some ten years later, other jurisdictions also crept long and said, "Hey, let's introduce our foundations law!"

I think The Bahamas has been fearless in its confidence that we can strike the right balance. If we think or perceive there's a need to tweak, we will tweak, but we will not stand still, we will always be responsive and reflect the needs of our clients and our partners. It has been a really dynamic period.



Chris Illing: I would like to add that in foreign exchange, we had major regulatory changes last year and I just love the dialog that you can have with the regulators. They were looking for real input from our industry, how we can kind of make it more compliant and safer, but don't hinder the growth and still give us a flexibility that other jurisdictions don't have. Our dialog was really positive.

It's like the old paradigm of onshore and offshore jurisdictions disappearing and that in a sense we've become a bit like midshore now, so not really offshore anymore.

Matthias Knab

That's a good point, from a financial regulations standpoint, there always used to be the onshore and the offshore world. Is this still accurate to talk about such two distinct and separate spheres? If there is something like midshore, what does that look like to you from a regulatory perspective?

Christina Rolle: I don't know that onshore and offshore are terms that ever existed in the regulatory space. They may have existed for those who wanted to advance a specific AML/CFT narrative but, I don't think that regulators think in those terms or that regulatory frameworks bear out any differences.

As global regulators, and certainly as regulators in The Bahamas, we build our regulatory frameworks in accordance with international best practices and principles set by standard setting bodies. We apply those principles and best practices to all addressees within our scope irrespective of where their clients may be situated.



Wendy Warren: Correct, I will also be a little bit provocative and say I think **there was never an onshore and an offshore.** We know that many places in major economies provide similar features just like The Bahamas provides. We perhaps were ahead of the curve, vis-à-vis these other "onshore" locations in terms of our movement towards transparency, towards accountability, towards regulation.

It was easy to look at a small country and label it as offshore. But the reality is, we've always operated in a manner that was consistent with what was happening onshore. What are your thoughts about that, Christel?



“ It was easy to look at a small country and label it as offshore. But the reality is, we've always operated in a manner that was consistent with what was happening onshore. ”

Christel Sands-Feaste: I agree Wendy. We are an international financial center. What does that mean? We function in a global space. We provide financial services, and we provide them in a way that is regulated, responsible and consistent with international best practices.

Despite encountering considerable headwinds, we continue to retool, re-adjust and to elevate the standard of the offerings and the jurisdiction. I recall when the Bahamas as made an **IOSCO Category A signatory**, that was a huge win in the investment funds space, particularly in light of the country's marketing focus at that time on Latin America, particularly Brazil. Even in



the digital assets space, where the regulatory framework is fairly new, the policy makers have indicated there are some refinements that need to be made and their commitment to effecting those changes as soon as possible.

“ **We now operate at a blue chip-level in terms of our regulation, and that in itself has become a very attractive thing for investors.** ”

Alexander Christie:

Correct, and with that I think there's more of a pallet nowadays for these very well-regulated jurisdictions, like The Bahamas. It's sort of forged in fire, and right, 2000 – so almost a generation ago – was a sort of turning point. There was a lot of pressure on many of the jurisdictions, including The Bahamas, to increase their regulation, increase their transparency, and we have done that.

We now operate at a blue chip-level in terms of our regulation, and that in itself has become a very attractive thing for investors.

Matthias Knab

Let's maybe dive a bit into your latest achievement here, which is the [government's white paper on The Future of Digital Assets in The Bahamas](#). Let's discuss quickly what are the key objectives and the elements of this white paper.



Valdez Russell: Certainly, when I reviewed the white paper, I was pleasantly surprised and pleased with the government's forward-thinking approach to be nimble, to be flexible and to be responsive. The document from where I sit outlines a better future for The Bahamas and will strengthen the things that we've always done well. It allows engagement with stakeholders and meaningful conversations with the regulator. It is a seminal document in my mind as it charts a better course for our long-term economic sustainability in a space that is new and that many others around the world want to get access to.

Let me also make the point here that for FTX, The Bahamas is the clear and compelling choice also because of our intellectual capacity. In my mind, the paper also signals to the world that some of the best and brightest minds are active and engaged in this jurisdiction, and that everyone here is doing their part to remain regulated, to remain relevant and progressive.



It is my added hope that the document becomes a living and breathing tool to keep us moving forward, to keep moving the needle in such a way that the world watches and acts on it based on what we've done.

Finally, here in The Bahamas, we have a saying that **"Dogs don't bark at a parked car,"** so let's continue to be fearless and give people reasons to talk about The Bahamas and what's happening within the jurisdiction. Let's keep moving at a pace, guided by the white paper which continues to serve as a call to action that we cannot sit still if we want to remain the clear and compelling choice.



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Wendy Warren: What also is interesting in the paper is that it identifies in a significant way the greater convergence of financial institutions and our clients becoming what we used to call mini foreign direct investors to now being significant foreign direct investors.

Noteworthy, the government anticipates that the talent will be developed in a very deliberate and concentrated way.

You know, when we think about The Bahamas, people often do not think about the talent that is resident here. This industry is going to require a lot of change, a lot of change from the ground up, and I think the white paper signals the intention to invest significantly in that space. We heard frequently at the Crypto Bahamas conference, that this is an industry that needs to engage more people than less, at different levels, and it needs the broadest engagement in order for it to thrive in a place like The Bahamas. I am really pleased about the definitive and deliberate approach to bring more talent into the sector.



Christel Sands-Feaste: One of the exciting opportunities for growth in this sector is that many participants in the digital assets space wish to establish a full physical present in The Bahamas. They do not want to be doing business in The Bahamas in a light touch or light-footed way, meaning with one foot in and one foot out. No, they want to be in The Bahamas with premises and people based here.

One of the questions that I am frequently asked as a business developer and as an attorney in the space is, “Look, these are skills that I need. Can you help us to identify qualified Bahamians for to fill these roles?” As a Bahamian professional, I am always excited to say, “Provide me with your list, we will help you to find Bahamians to actually fill those positions.” There is a very large cadre of Bahamians who are experienced in traditional financial services. Those skills are very relevant to this industry.



In addition, there are also many Bahamians abroad who would love the opportunity to come back. So, there is an opportunity for everyone, Matthias. This is a unique opportunity and a defining moment, not just for service providers in the financial services space.

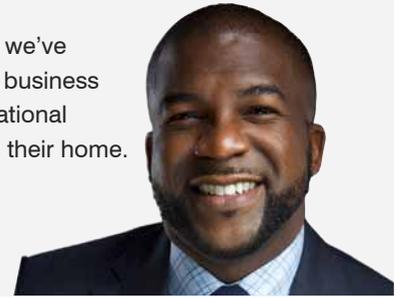
What is also important to note is that the Government’s Whitepaper provides the certainty that clients and businesses need. They want certainty that the policy is not going to change tomorrow when they come here today. There’s a real commitment from policymakers to welcome this type of investment, and this provides a level of certainty that everyone needs and wants to keep this positive momentum going.

“What's also important to notice is that the white paper provides the certainty that clients and businesses need. They want certainty that the policy is not going to change tomorrow when they come here today.”

Valdez Russell: Yes, we got great talent in the country, and we also have many international practitioners as well. In addition, The Bahamas has always been great with **succession planning** and things like continuity.



Having come here as FTX, we can certify that The Bahamas is open for business. To be clear, we've always been open for business, but here we are addressing the international investor and the business community to come and take your enterprise from good to great to exceptional, just as international investors are and have been for many decades confident investing and making The Bahamas their home.



Chris Illing: I just want to come back to the fact how remarkable the government white paper is as it opens the door to accept the new payment systems that are coming, the new instruments. Anyone who looks at this space is amazed at the influx of money going into those new trading possibilities, it's really mind-boggling.



In Forex we move around \$7 trillion each day, so that's a massive market which has been around for a long time. It's a well defined market and the processes, valuation and settlement are well defined and regulated. We now also want to take the new digital assets, NFTs or cryptocurrencies seriously, but we also need to make sure that the ecosystem is robust and well regulated. Sure, there's technology like the blockchain, but still you can see hacks, leaks and fraud happening. We need to make sure that we're not dealing with things that disappear tomorrow because no real money or real value behind it, particularly as pension funds and other type of large investors start looking at all those assets.



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Alexander Christie: What I also like about the white paper is that it expresses the government's commitment to education for young Bahamians and professionals, particularly on FinTech industry. Not only that, we also saw the establishment of the **Digital Advisory Panel** and the **Digital Assets Committee** where, again, all players are engaged from the private sector and government. So everyone is making sure that we are competitive and on the cutting edge of these certain trends.

It is a well-thought-out, planned commitment over the next five years, and looking at the white paper we can confidently say that the government has a real commitment to this.



Wendy Warren: One of the slogans we used to really speak to what the Bahamas represents was, “follow your money,” and pointing to the strengths and history of our private wealth industry.

The Bahamas is home to over 270 licensed banks and trust companies, including seven of the world's top eight private banks and 35 of the top 100 global banks. These financial institutions deliver services involving private banking and trust services, accounting, legal services, e-commerce, insurance, and corporate and shipping registries. North American banks have been doing business in The Bahamas for more than a century, and European and Swiss banks have deep roots established over more than 70 years. Financial institutions from other regions with growing economies are recognizing the advantages of operating in The Bahamas. Additionally, there is an excess of 800 funds that are licensed in The Bahamas and more than 60 fund administrators.



So, the theme of “follow your money” is an invitation for persons to move with their money to The Bahamas, and we really mean it and actually want you. We relish the engagement from persons outside of The Bahamas and I think it's so easily facilitated: given our location, the availability and growth of the hotel sector allows persons to actually live on island. People think well, what do you do in the Bahamas? Well, first of all, it's not a bad place to live at all, and it easy to come here and also fly out and travel or do business elsewhere, we have great access to go anywhere in the world.

“The Bahamas is home to over 270 licensed banks and trust companies, including seven of the world's top eight private banks and 35 of the top 100 global banks. North American banks have been doing business in The Bahamas for more than a century, and European and Swiss banks have deep roots established over more than 70 years.”

Matthias Knab

We all know that finance and capital markets are extremely liquid and fluid. Money and assets can move from here to there in a second. And in the digital asset world this speed of everything has gone up again, things are quicker now than they have ever been.

When The Bahamas wants to position itself as a global hub and thought leader, as a base for the further adoption and development in digital assets, you obviously are starting to compete with a lot of other places.

A few years back we saw a lot of activity in Hong Kong, until the Chinese kind of changed their minds about cryptocurrencies. There is also a lot going on in Korea, but maybe not so much on the regulatory side. Now we read that some people are moving from Hong Kong to Singapore, and one of the latest stories we covered in the Opalesque Alternative Market Briefing, the daily update we have been producing since 2003, was a Singapore crypto fund moving from Singapore to Dubai because that's now the type of promised land.

How do you see The Bahamas keeping your edge in this global competition? And then secondly, does the proximity to the United States play a role in that?

“ **When we designed legislation for the crypto space, we anticipated that the space was rapidly evolving. And so we already built in flexibility that would allow the regulatory framework to evolve as the space is evolving.** ”

Christina Rolle: When we designed legislation for the crypto space, we anticipated that the space was rapidly evolving. And so we already built in flexibility that would allow the regulatory framework to evolve as the space is evolving. That's really the foundational piece in keeping our edge. You will see that since DARE was enacted in 2020, there have been a number of issues and new risks emerging with respect to crypto assets.

I think that The Bahamas keeps its edge by keeping on top of all of these emerging issues and risks, and making sure that we update and address these emerging risks, in accordance with international best practices and principles, as they are happening in real time – not one or a few years later.

I do think that proximity to the United States will play an important role in helping The Bahamas to maintain its edge. The U.S. is home to some of the sharpest minds in the crypto assets space whether they be developers, entrepreneurs, educators and/or regulators. We see our proximity as something we can leverage to tap into those minds, to build relationships and to assist with home growing our local talent and industry.



Valdez Russell: I'll talk about blue chip players like FTX seeing the jurisdiction as where they belong. As we build our global headquarters here in Nassau, we have our teams from around the world come in and out, we are seeing more people visit the jurisdiction to understand what is attractive. We are seeing that **the strength of our democracy, we're seeing our modern infrastructure and access to talent as all being incredibly attractive added to the fact that we're in a good time zone** which may differ from other jurisdictions. When you put all of those pieces into one pot, we remain the best choice. We also acknowledge that as people visit the jurisdiction, they're looking for entities that can support them and moving them

through the process in the strongest and best way possible. Along that journey, they increase their confidence in the decision to be within the jurisdiction.

I anticipate that within the next 18 to 24 months, we should see more exchanges here. We should see more entities being in The Bahamas in such a way that other jurisdictions will want to know what is it that we're doing. And I believe what we're doing well is that our people make you to understand this is where you belong. We just so happen to be a good country and a great place to raise a family, to consider retirement, to invest in. And while jurisdictions have other competitive advantages, it is our people who genuinely make the difference real. And then, our access to a wealth of products only solidify that this is the clear and compelling choice, so I invite others to elevate those thoughts or defer as you so see fit.

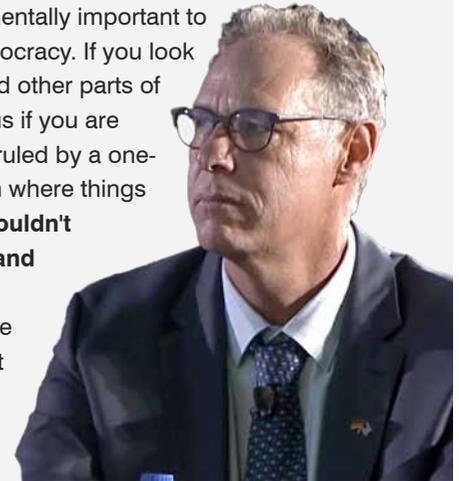


“ **I anticipate that within the next 18 to 24 months, we should see more exchanges here.** ”

Chris Illing: I think there is no question about that our geographical location is unmatched. That includes the time zone - Eastern Time - plus the natural beauty, plus The Bahamas as a jurisdiction and country. Nassau came along way in the last 20 years, it became much more international and much more livable. The possibilities we have to fly directly from South America here, from Europe, from the States as well as Canada between seven to three hours is unmatched.



And I totally agree that it's fundamentally important to recognize the strength of our democracy. If you look at what's happening in Europe and other parts of the world, it can be very dangerous if you are close to or live in a country that's ruled by a one-party system or one-family system where things can go south very fast. So, **we shouldn't underestimate the significance and momentousness of political systems.** Everyone can come here

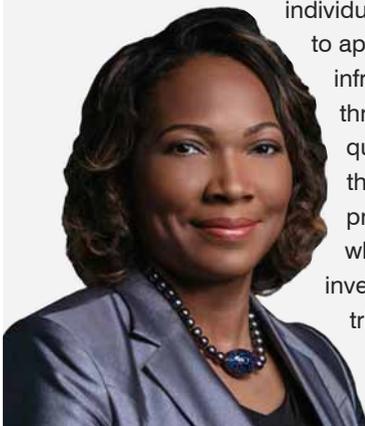


and assure themselves of the **strength of our democracy** and multi-party system. It just gives you maybe the final confidence to come here and set up base.

Christel Sands-Feaste: Matthias, you mentioned it earlier when you said this has been a journey and a very deliberate journey - let me add that post the COVID-19 pandemic, it is refreshing to see these very positive opportunities for growth here in The Bahamas. At the end of the day, everything is about timing. Why do I say that? We have been marketing factors such as location, time zone, a stable democracy, etc., for as long as I can remember and at least the last twenty plus years that I have been working in the sector. I can with confidence say that right now is an important and critical time for these developments to occur in The Bahamas, especially, after 2 very difficult years of COVID 19.

In our conversation today we also tried to give a historical background on the evolution of the financial services industry The Bahamas; we have well established structures and a toolkit of products that are tried and tested and have withstood the test of time. With the new digital asset initiatives, we are adding a new, exciting overlay to the strong foundation that we have built as a jurisdiction.

Any enterprise, entrepreneur or high net-worth individual who comes here will very quickly learn to appreciate that the entire financial infrastructure they want or need is available through local trusted partners. So very quickly they ask questions such as, are there other financial institutions? Are there products that the Bahamas has to offer in which to invest my wealth such as trusts, investment funds and other products that are tried and tested?



In addition to the transition of the financial services space to include new and exciting products such as digital assets, policy makers in The Bahamas have also expressed their commitment to issues which are important to all of humanity such as climate change and the future of our planet; these are values which we can all identify with.

“Any enterprise, entrepreneur or high net-worth individual who comes here will very quickly learn to appreciate that the entire financial infrastructure they want or need are available through local trusted partners.”

Alexander Christie: As a lawyer I feel obliged to highlight one more point which is The Bahamas' strong rule of law ranks which on the World Index in pretty high standards compared to most jurisdictions. Our highest court is still the Privy Council which also gives the many investors confidence in terms of our rule of law.



In addition, overall quality of life is excellent here in The Bahamas. Being a young father, let me speak quickly about the **education system** here in The Bahamas as well. I think we have seven or eight international schools here in Nassau, and one in Freeport as well. So, a total of about eight or nine international schools. This might seem a minor consideration but it's something that an investor really looks at when they are following their money and making a decision whether or not they are going to move to the jurisdiction.



Wendy Warren: Let me sum up by saying The Bahamas is best reviewed through an in-person visit. I chuckled a little bit, as you did, Valdez, speaking with persons who were visiting and attending the Crypto Bahamas conference. We heard a lot of comments, like, “What a great place, it is my first time to The Bahamas. But, you know, I am actually wondering, how come I've never been here before? I am really surprised by everything going on here. When did this all happen?”



With that in mind, I think we would just encourage more persons to come in, not only to enjoy themselves, but also what we call to kick the tires. Come and **touch and feel the jurisdiction**. Go a littlebit outside of the hotels and the touristic experiences and engage with the professionals across all classes of society, not just financial services professionals. And I think you will find that this is a sustainable place for business collaborating with other jurisdictions.

We enjoy the collaboration with others. That's how we learn. That's how we improve and how we remain competitive.



Matthias Knab

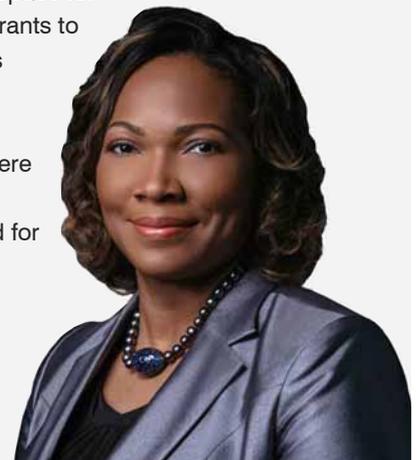
Let's look then also at your physical infrastructure and the possibility for relocation or moving or setting up in the Bahamas. This can be a problem with some of the smaller island jurisdictions, so please tell us how does it work in the Bahamas?

Let's say, I want to set up a fund or move my operation here. I want to set up a business, maybe even like Valdez referred to, a new crypto or digital assets exchange here and I want to bring or employ 10, or maybe 30, 50 people here. Are there any challenges regarding that from a pure infrastructure point of view? That means office buildings, residential options and reasonable immigration rules. I am asking because I know that some places have a shortage or capacity restrictions just in terms of land mass.

“The good news is that luckily we don't have a problem yet in terms of available office and residential space.”

Christel Sands-Feaste: Fortunately, at the moment, there is no shortage of available office space for persons considering The Bahamas for their business operations. In my experience, new entrants to the market who decide to establish a physical presence, typically start with renting premises before they actually move to purchasing premises.

We also do not have the issue like other comparable international financial centres where there is a shortage of landmass. So far, our discussion has been focusing on the Island of New Providence. However, The Bahamas is more than one island where hubs can be established for this type of business on other Islands. For example, Grand Bahama which has a world renowned shipping port and where businesses in the shipping and maritime industries are based. The City of Freeport, is also attractive for the establishment of other fintech based businesses due to its concessions and favorable tax arrangements.



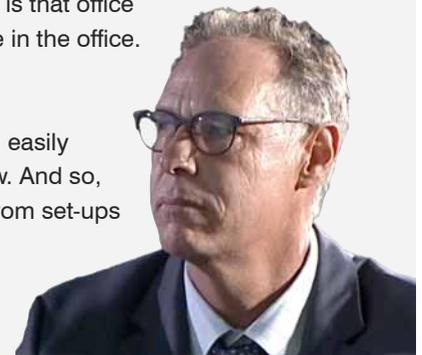


Wendy Warren: I agree with you, Christel. When people think about an island nation, often they think about an island that is quite small. New Providence is one of the smaller Islands but still larger than many of the other International Finance Centers or IFCs that are Island Nations.

Another vital aspect in this discussion is the commitment of government to digitizing the process by which you enter and do business in The Bahamas. We've seen a number of improvements and more recently, the work permit process has been improved. We also have firms that can help with walking you through that process from the BIA, the regulator's business license and all the way through to employing your first group of talent into the organization.

Chris Illing: Something people and businesses globally have learned during the pandemic is that office work has become so much more flexible now as well. We don't need everyone at every time in the office. Some people may only be required to come in at certain times for group meetings.

The required connectivity and digital infrastructure is now in place everywhere – people can easily work from home as well. The internet bandwidth is quite good, we have good providers now. And so, while we still have those large office spaces, many organizations have been moving away from set-ups and processes where everybody just has to be in the office five days a week.



Alexander Christie: A few years ago the government committed to turn Freeport into a technology hub. Freeport is actually a city, district and free trade zone on the island of Grand Bahama of the northwest Bahamas. It's a very interesting island when we talk about infrastructure – I think infrastructure there rivals any infrastructure in the Bahamas.

Freeport is a planned built city. Although it probably has a population of only 50,000 or 60,000 at the moment, it could probably accommodate 10 times that. It's a well set out city and it has all of the infrastructure needed in terms of being a financial FinTech hub. So, I would like to see the government continue that commitment and I believe that the desire is still there and that there's plenty of opportunity.



“The Bahamas Sand Dollar is one of just two fully operational retail Central bank digital currencies (CBDC) worldwide.”

Matthias Knab

Tell us also what's the latest with the Sand Dollar which is the digital version of the Bahamian dollar (B\$).

Like cash, Sand Dollar is issued by the Central Bank of The Bahamas through authorized financial institutions (AFIs). At the moment, the Sand Dollar is one of just two fully operational retail Central bank digital currencies (CBDC) worldwide.

Valdez Russell: I think that the Sand Dollar is at a formidable project for the Bahamian community and the global stage.

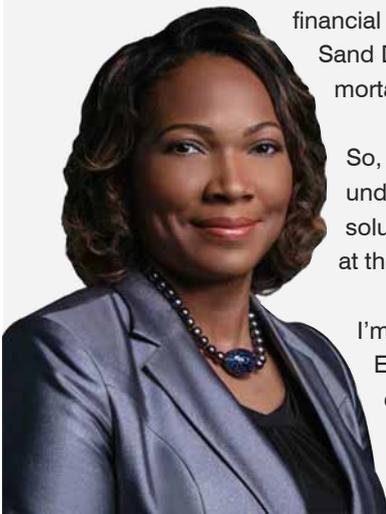


I anticipate that we're going to see some more exciting conversations about the Sand Dollar as we strengthen our relationships with the central bank, and what that means to really put the Sand Dollar out there in such a way that the world is watching a little bit more thoughtfully.

While I can't give specific examples, from my purview around what is next in this respect, I can say that we at FTX look forward to doing our part to support the Sand Dollar in such a way that there is an increased level of education and user engagement with it that will only move it forward in the best possible direction, both locally and internationally.



Christel Sands-Feaste: There is a significant need for this type of digital payments in The Bahamas. We have a significant number of persons in islands outside of New Providence who are unbanked and whose access to financial services is limited. The first step will be public engagement and increasing the usage of the Sand Dollar particularly in those communities where there is limited access to traditional bricks and mortar financial services.



So, it really has a critical role to play and this is where the technology that is being utilized to underpin the FinTech industry has a larger purpose in The Bahamas because it provides real time solutions for the population that wants access to digital payment systems at a lower cost but who at the moment may be travelling long distances by land or by sea to access banking services.

I'm also speaking from a Bahamas Chamber of Commerce perspective where I co-chair the Ease of doing Business Division. We view increased engagement and more private sector education on the Sand Dollar as critical to helping the domestic economy and increasing financial inclusion.

Wendy Warren: For me the Sand Dollar represents two key points. First of all, The Bahamas is a real country with a sizable economy. We are not only a platform for international business, and the Sand Dollar represents an integration of what is happening on the international side of the equation and linking it to the domestic side in a way that they flow quite naturally together. There is no sort of bifurcation at this point, and that's really critical because when you are undergoing these significant changes and growth opportunities in terms of new industries, it's important for all Bahamians to understand what, why and how. From that perspective, the Sand Dollar is an excellent representation of what is taking place globally and everyone here is invited to participate and contribute domestically.

With that, the Sand Dollar also exemplifies our commitment to innovation. When the Sand Dollar debuted in October 2020 after four years of work, it became the world's first government-backed, blockchain-based digital currency, and I think we must celebrate that with the fact that our central bank was forward thinking already at that particular time.



Chris Illing: I have a small business in the Out Islands and Cat Island where there is only one bank. The focus on digital assets business expands opportunities for financial inclusion and for reaching the underserved and unbanked communities.

The Bahamas is an archipelago with many small islands where it may not be feasible to have a full service branch on small sparsely populated islands. We have the practical uses and I think we have a fantastic infrastructure here to really show the world that's how you can use it. And so, even the mom and pop can benefit from it.



Matthias Knab

It has been said that the best kept secret of The Bahamas is the country's sheer size and diversity. With 16 major islands, The Bahamas is also an unmatched tourist destination, a heart-pounding adventure across 100,000 square miles of the world's clearest ocean, secret sandbars and secluded pink-sand beaches.

It's always a highlight flying over the Caribbean to The Bahamas and hence an absolute must to get a window seat when I go there. With thousands of miles of irresistibly blue waters, your country is indisputably among the most idillic settings for getting away. I was wondering, how important is tourism for the financial services industry here?



Wendy Warren: You're of course right with your description of the natural beauty of our islands, and indeed, what I think we should reinforce is the element of convergence and the ability to leverage the financial services industry and the tourist economy. And we've always talked about the fact that these grow or could grow together.

What we are seeing today are a number of individuals moving to the Bahamas, not because they're coming here to do business or they're coming here only for touristic purposes, but, as we mentioned here, they are following their money to The Bahamas because they feel it's a safe place in which they can engage in both traditional finance and the new world of FinTech Digital Assets. This is a very compelling proposition and reflected in the fact that the growth of long-term foreign direct investors in the country is not only tremendous but in the end also essential to really strengthening and making this industry sustainable.

So, I think this convergence is a really important element to focus on. It's not just tourism, it's not only the financial services providers that are moving in or the digital service providers, but we're in the end dealing with individuals who are moving to The Bahamas because they feel that this convergence of old and new provides a safe place from which to live play and to work.



Tanya McCartney: Let's focus for a moment on the linkages between our traditional financial services offering and the digital assets business. In the past, we've looked at investment funds as an area of innovation.

I was wondering, what synergies do you see between our investment funds regimes and the digital assets business? What opportunities for growth are there, and how can our existing menu of services and fund structures be used?

“For the last couple of years, many crypto funds started utilizing The Bahamas, bringing together the tried and tested regulated structure of an investment fund, using Bahamian service providers”

Christel Sands-Feaste: Correct, The Bahamas has a broad range of investment fund products and structures that represent this convergence of old and new. Investment fund promoters and investment managers have historically used the Bahamian investment funds for investment and asset management purposes, and also for private succession planning structures.

Over the past few years, we have seen an increase in the number of crypto funds being established in The Bahamas The Bahamas, bringing together the tried and tested regulated structure of an investment fund as a vehicle to invest in cryptocurrencies and other digital assets. These investment funds are utilizing Bahamian service providers such as administrators, accountants and legal service providers who have been establishing and servicing Bahamian investment management vehicles for many decades. It is therefore an easy and natural process to utilize this tried and tested infrastructure and ecosystem to invest in the cryptocurrency and digital assets space.



Wendy Warren: I think there are opportunities which have been created that will allow for more certainty. Firstly, in the mechanisms of onboarding clients and investors using the new tools and making that process more efficient and actually more certain, because the new tools actually bring more certainty to a process that is sometimes antiquated and requires a lot of manual intervention. So, I believe one of the benefits of the white paper is that it represents to government staff that we are all in and all of us need to understand the opportunities that arise from this industry.



I think the second area I'm really excited about is **tokenization of investment funds** in many asset classes, because it does allow for decentralization, more participation in products that were sometimes restricted only to the very wealthy. So, I'm very, very excited by that prospect and look forward to being engaged in more elements of tokenization.

But I also think our core service of fiduciary or trust services has a greater sense of clarity as the settlors and the trustees engage in digital assets and the entire space. They also have an environment in which they can act with more confidence because it is regulated in The Bahamas. And so, when they step into the digital asset space, they can be certain that they're taking and acting in the best interest of the beneficiary. So, I think the convergence is substantial and very beneficial.



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Tanya McCartney:

Let's assume I am an investor, or I'm in the FinTech business and I am considering The Bahamas. What might the steps be? What is the process like? What should I do if I want to be registered under the DARE Act?

Christel Sands-Feaste: While the specific approvals required for each digital assets business will depend on the nature of its activities and will therefore vary from case to case, in general terms, I would summarize the process as a four-stage process, generally involving the following phases:

Phase 1 involves identifying a trusted partner in the jurisdiction to assist with the process and to engage with relevant regulators on behalf of the new business. After identifying that partner, I strongly recommend that clients who are considering establishing a physical presence The Bahamas and have not visited the country before, travel to The Bahamas, where possible, to see it for themselves and for in person meetings with the service providers that they are considering.

Phase 2 involves pre-application meetings with the Securities Commission of The Bahamas (the "SCB"), the regulator with primary responsibility for the digital assets space, and, depending on the nature of the proposed business, the Bahamas Investment Authority.



Phase 3 is the application preparation, submission and consideration stage.

Phase 4 begins once approval in principle is obtained from the SCB, and involves securing confirmation of no-objection from the Bahamas Investment Authority, obtaining general regulatory approvals to conduct business from within The Bahamas and applying for work permits for any non-Bahamians proposing to work in The Bahamas.

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