

# Lion's Roar



NEWS from Equity Bank Bahamas Limited | Nassau, The Bahamas | Autumn 2022 | equitybahamas.com

## Equity Bank Bahamas Now Offering Full Private Banking Services

**E**QUITY BANK BAHAMAS can now take on B\$ deposits after receiving approval from the Central Bank of The Bahamas as a B\$ Authorized Dealer.

"Our ability to accept B\$ deposits and to provide related B\$ financial services now allows Bahamians and international clients with greater access to global financial markets by tapping into the professional expertise and knowledge that Equity has been offering to its global clientele for more than 30 years," said **Dillon Dean**, Group Chief Executive Officer.

"For domestic and international clients, it means Equity's experience and knowledge in operating at the high end of the international market for financial services can now focus time and resources to the local B\$ private banking market," he said. "In essence it creates a new high net worth space for Bahamians and international clients

alike with service protocols and products that the domestic market has never seen before."

Equity Bank's ability to take on B\$ deposits expands its local and international private banking services to



**At your service (LEFT TO RIGHT): Kenwood Kerr, Dillon Dean, Kim Thompson, Sterling Quant, Ivlylyn Cassar, Michael Dean, James Palacios.**

include credit, trading, asset management, proprietary investment funds, custody, trust and corporate services for both local and international clients in B\$ and foreign

currencies as applicable.

Equity entered the domestic market several years ago following the Central Bank's liberalization of exchange controls which recognized the desire by Bahamians to participate in the buying and selling of shares beyond The Bahamas and to access other international investment services. At that time Equity's domestic market presence was limited to investment and corporate related service options. ▶ 3

### THE BAHAMAS

## How the Equity Toolkit Can Help with a Carbon Credits Solution

**A**CROSS THE BAHAMAS and other countries in the region, climate change has become a harsh reality for communities and governments, as hurricanes intensify season after season, droughts become more severe, and weather patterns become more unpredictable. As a guest speaker at numerous heads of state meetings, The Rt. Honourable **Philip Brave Davis**, Prime Minister of The Bahamas, continues to call for a greater degree of inclusion during discussions related to climate change.

Despite their negligible contributions to carbon dioxide emissions, a majority of developing nations, such as The Bahamas, are greatly affected by the effects of this pollution. The Bahamas has responded by drafting the Carbon Credit Trading Bill 2022 in connection with Carbon credits and offsets.

There are always new markets resulting from new challenges, and the ongoing climate crisis and the rising global emissions are no exception.

Since the Paris Agreement of 2015, public and private corporations ▶ 2



**PM Philip Brave Davis**



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have been looking for ways to reduce their carbon footprint. As of 2021, the total value of carbon credit traded was approximately \$851 billion.

There are two types of products represented on the carbon market, carbon credits and carbon offsets, and both can be bought and sold. Carbon credits act as permission slips that companies mandated to reduce the CO<sub>2</sub> emission can buy, usually from the government. Carbon offsets are produced when a company removes a unit from the atmosphere through its normal business activity.

These offsets are available through:

- **Renewable Energy**
- **Methane Capture**
- **Reforestation**
- **Direct Carbon Capture.**

The Equity Group is uniquely positioned to assist with all steps of the process through its subsidiaries and affiliates, inclusive of but not limited to, in the following ways:

- Ability to assist the chosen carbon credit exchange with banking and payments services to allow exchange participants (both resident and non-resident) to make deposits and withdrawals to their assigned exchange account or wallet, inclusive of liaising with the Investment Currency Market of the Central Bank of The Bahamas (Central Bank) as applicable for exchange control considerations. Equity Bank Bahamas, as an Authorized B\$ Dealer, is also able to assist with Sand Dollar matters in liaison with the Central Bank, should the Sand Dollar be seen as an on-ramp mechanism or base currency for participation in a digital exchange for carbon credits.
- Provision of corporate structuring services guided by the Bahamian Government's chosen approach to formulating a compliant carbon credit instrument. Specifically:
  - Liongate Bahamas, the Digital Assets and Registered Exchanges (DARE) licensee of the Equity Group, can assist with tokenizing carbon credits deliberations.
  - Equity Investment Funds Services Ltd can assist with Unit Trust or other

investment fund vehicles if seen as useful in the construction of the carbon credits blockchain instrument to draw on an existing regulatory framework.

- Audit and accounting services via St. Leo Corporate & Financial Services Group as it relates to verifying that the conditions to issue an earned carbon credit are met as measured against provided standardized requirements.
- Crypto custody, trading and liquidation services via Liongate Bahamas. Should entities wish to trade into or out of carbon credits via a digital desk intermediary, these services are available by way of instruction. Liongate Bahamas also offers an iron clad crypto custody solution, which can be explored for the safe keeping of tokenized carbon credits.
- Liongate Bahamas can assist with screening and whitelisting crypto wallet addresses to mitigate the risk of engaging with bad actors within the carbon credit exchange. Equity supports the mission of reducing the carbon footprint globally and is committed to being a part of the solution. ■





## Digital Advisory Panel Appoints Gilbert Cassar

**D**elphino Gilbert (Gil) Cassar, Head of Business Development and Fintech for Equity Bank Bahamas has been appointed to a nine member digital advisory panel for the development of the digital assets policy and industry in The Bahamas.

Attorney General **Ryan Pinder** named panel members when he presented to the Senate the Government's white paper on the sector which lays out how the country can benefit from growing global interest and acceptance of digital assets.

"Digital assets have grown in a few short years into an industry with a \$3 trillion market cap," said the Attorney General. "The opportunities are enormous. We feel strongly that we can leverage our expertise

and successes in financial services to create a digital assets hub here in The Bahamas. From the first week of this administration, we have been determined to build a framework that would allow us not just to participate but to lead in this innovative industry."

The Bahamas has made significant progress in the digital assets industry, having passed the Digital Assets and Registered Exchange (DARE) Bill, 2020, which has paved the way for the issuance and trading of cryptocurrency in The Bahamas.

The appointment of Mr. Cassar to the panel reflects his growing knowledge and expertise in the digital asset space including software projects involving blockchain, machine learning and AI development. ■

► **FULL PRIVATE BANKING SERVICES** | from front page

### // **We know what Bahamians expect from their bank for them to be confident that their financial affairs are being properly and fully managed**

"Our objective from the time we entered the domestic market was to offer a full range of private banking services to both Bahamians and international clients," said Mr. Dean. "We firmly believed then there was niche in the local market for a Bahamian owned and managed bank to offer full private banking services. The response to our initial services confirmed there was a strong local appetite for our services, and we are now, as a B\$ dealer, in a position to fulfill this goal."

Familiarity with the needs of High Net Worth (HNW) individuals is engrained in Equity given its international pedigree in this area. Its Board of Directors include independent non-executive

directors **Ken Kerr, James Palacios** and **Sterling Quant** who are highly regarded in the business community as well as members of Equity's senior management group headed by Chairman **Ivlynn Cassar** in addition to **Dillon Dean, Kim Thompson, Michael Dean, Vanessa Coleby** and **Jillian Ferguson**.

"Our Board, senior management group and supporting professional staff bring a depth of market intelligence and experience that allows us to anticipate and respond to all client needs and requirements," said Chairman Cassar. "We know the mindset of HNWs and what Bahamians in general expect from their bank for them to be confident that their financial affairs are being properly and fully managed. Equity will be very competitive and mindful of these expectations."

"In that regard the Central Bank's approval for Equity to become a B\$ Authorized Dealer reflects the confidence they have in us to provide a viable Bahamian-owned private banking option in the Bahamian market," she said.

Those private banking options include becoming a new source for

asset management, investment funds, \$B credit and trust and corporate services, key features of Equity's expanded offerings to the domestic market and HNW individuals.

Equity's in-house funds for example include international components to broaden investor portfolios while trust and corporate services are succession planning tools which combined with trading, asset management and investment funds compliment banking services to HNW clients. In particular, the strength of trust legislation in The Bahamas and its regard internationally elevates The Bahamas as a superior time-tested and proven choice for Bahamians to protect their legacies.

Equity Bank's philanthropy initiatives in support of various Bahamian causes will also receive a boost as it enters full private banking realm. It will announce shortly a University of the Bahamas scholarship programme to honour the legacy of the late **Gilbert Cassar**, Equity's former Chairman and the cornerstone of the Bahamian retail banking industry, who trained many of the country's commercial and private bankers, including the late **George Farrington**. ■

# The Bahamas Remains Bullish on Digital Assets

**T**he “crypto winter” – a term that describes a recent downturn in the value of cryptocurrency – has shone a light on emerging risks that the Securities Commission of The Bahamas (SCB) will have to address in its Digital Assets and Registered Exchanges (DARE) legislation, the SCB’s Executive Director Christina Rolle said in a recent international report.

In fact, according to SCB’s **Christina Rolle**, there has been no slowdown in applications to do business from The Bahamas and is predicting that interest will only increase.

“I think what we are seeing is mostly as a result of severe over-leveraging and a lack of management of counterparty risks,” Ms. Rolle told Nassau newspaper The Tribune. “The Securities Commission is not seeing a slowdown in applications. It’s my view that in the medium and long-term we will see more and more firms seeking out regulation. They will want to be in jurisdictions with a well thought-out and robust regulatory framework, particularly as they are seeking to court institutional investors.”

Ms. Rolle said that local regulators must continue to watch for trends in the fledgling digital assets space, as it is a rapidly shifting sector of financial services.

In a Nassau Guardian article she said, “Pragmatism is a key consideration in The Bahamas’ approach to regulation, and the jurisdiction continues to watch as trends indicate a move toward securities and other asset classes becoming tokenized.”

**Michael Halkitis**, Minister of Economic Affairs, affirmed that The Bahamas has begun the process of reforming the DARE Act and other legislation to ensure regulation keeps pace with emerging trends in this niche.

“Investors in The Bahamas can be assured that we will never rest on our

laurels. We are always scanning the horizon for opportunities to strengthen existing offerings and tap into emerging niches,” he said. “This is why leaders in the Fintech industry are now

making moves to establish a foothold in The Bahamas.

“In our Digital Assets and Registered Exchanges legislation, we have a world-leading regime for the regulation and facilitation of the exchange of digital assets, digital payments, digital ledger technologies and the sale of digital assets.

“Our financial services sector has now been launched into a digital landscape that will open the door to a range of new service offerings as the world continues to embrace the Fintech revolution.

“True to our reputation for measured innovation, we have already begun the process of drafting amendments to the existing legislation in recognition of emerging trends, such as stable coins, non-fungible tokens (NFTs) and provisions for greater consumer protections in decentralized finance.” ■



# International Markets Update

**Global governments are balancing the need to keep the economy growing while counteracting the impacts of burgeoning inflation. There is no easy solution, and both the Fed and the European Central Bank (ECB) have undergone hawkish reactions to the inflation problem, which inevitably will lead to a softening of the economy, putting downward pressure on jobs.**

Analysts the world over are speculating if the impact of raising interest rates to hamper inflation will lead to a temporary soft landing, a moderate recession or deeper recession.

A generally acceptable inflation rate according to the federal reserve and ECB is approximately 2%. Inflation in the United States currently sits at 8.3% as of August 2022 missing the forecast of 8.1% but reflecting two months of cooling since June 2022's 40-year high of 9.1%. This cooling is in part attributed to some easing in petrol prices albeit still elevated, while inflation of other asset classes continues to trend upwards, inclusive of food (11.4%, the highest since 1979), shelter (6.2%, the highest since 1984), and used cars and trucks (7.8%).

In response, the Fed has increased interest rates to 3% as of September 22nd, 2022, a jump from 0.25% on March 17, 2022, and up from 0% on March 16, 2020. Quantitative tightening by the Fed has been unleashed to reduce the excess liquidity in the market to the tune of US\$95 billion per month as of September 2022.

This activity acts as a gradual reverse of some of the impact of unprecedented quantitative easing and fiscal stimulus during the pandemic, which added trillions into the economy, proping up risk assets.

The growth of the balance sheet of the Fed can be seen in close alignment with the growth of the S&P 500 index during this period.

Meanwhile in the EU, as of August 2022, annualized inflation sat at 9.1%, up from 3% in August 2021, driven by increased energy costs contributing 38.3% to the rise.

As the ECB's primary objective is price stability, a path of monetary tightening has also been trod. The rate at which banks borrow from the ECB, the refinancing rate, has increased from a low of 0% since March 2016 to 0.5% during July 2022 to 1.25% as of September 2022 – a rate not seen since November 2011 – reflecting a historic 0.75% leap.

As of September 2022, ECB's Chief Economist **Philip Lane** forecasts several



**There is speculation of stock valuations worsening... This potentially creates an opportunity for bullish investors on the eventual recovery of the markets to buy at properly timed deal prices**

additional interest rate increases by the ECB.

Compounding the inflation scare, the euro currency is at a 20-year low of 0.97 on the dollar, reflecting a -14.59% annual rate change, as opposed to a 1.14 USD to 1 EUR close in 2021. There is a reported correlation between a decline in the euro and the increase in energy costs, due to general oversized reliance on Russian gas. The impact is that imports are more expensive in the EU further heightening inflation, notwithstanding the mitigating factors of cheaper exports from Europe. ►10

# Financial Services in The Bahamas: Resilient, Evolving and Compelling

**The Bahamian economy was dealt a hard blow by the decline in the global tourism market due to the economic shock created by the Covid-19 pandemic. During the early days of the pandemic, many observers questioned whether the financial services sector would see a similar decline.**

The financial services sector is estimated as the second-largest contributor to the domestic economy, accounting for approximately 10 to 15 per cent of the country's Gross Domestic Product (GDP). The financial services is often referred to as the second pillar of the Bahamian economy as it provides strength and stabilizing support. This has indeed been the case during the past two years of the pandemic, which is a testament to the resilience of the financial services sector and its ability to adapt to changing circumstances.

This kind of resilience is a hallmark of the financial services sector in The Bahamas. No matter what is going on in the economy, no matter what changes are occurring in the financial services and regulatory landscape, The Bahamas has always maintained its status as a global leader by being able to adapt to new situations.

The Bahamas is one of the safest options for persons looking to set up trusts and wealth management vehicles in a stable, well-reputed jurisdiction with the highest professionalism and expertise in service. In doing so, it relies on an approach that is appropriately referred to as measured innovation. Each step is carefully planned, balancing the need to rely on what has worked historically with the need to innovate and evolve constantly.

## KEEPING PACE WITH GLOBAL STANDARDS

While global standards and requirements are constantly shifting, The

Bahamas has always kept pace. "You won't find our name on any current blacklists; we have gone above and beyond to ensure that our anti-money laundering, tax transparency, and counter-terrorism financing framework is consistent with global best practices," said Senator The Hon. **Michael Halkitis**, Minister of Economic Affairs, at recent conferences in New York and London.

He added, "In our laws, you will see some of the world's most robust trust specific legislation. Objective observers describe the Bahamian financial services sector as well-regulated, globally compliant, and universally respected.

"When it comes to policies that are consistent across government administrations, one thing you can be certain of is that there will be continuity within our financial services industry. Successive government administrations have consistently demonstrated the country's commitment to international best practices, evidenced by cooperation in the administration of justice, international tax transparency, anti-money laundering efforts and counter financial terrorism measures."

Each time global standards change in

recognition of new trends or concerns, The Bahamas has adeptly met each standard and prides itself on fully complying with the highest standards. And each time these standards change, industry observers speculate about the impact it will have on our competitiveness in the international market. Each time this happens, The Bahamas continues to maintain its position as a global leader in financial services. The jurisdiction sees these changes as opportunities to further strengthen products by providing greater transparency and promoting cooperation between jurisdictions. Investors choose The Bahamas for their financial services needs because they know that their economic interests are in good hands.

As a recent example, in October 2021 The Bahamas joined 136 other

participating countries in agreeing to the Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitization of the Economy. The agreement is a part of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS). The agreement calls for the mutual implementation of a minimum corporate tax of 15 per cent on Multinational Enterprises (MNEs) by 2023 and the elimination of double taxation of MNEs between jurisdictions.

## STRATEGIC INNOVATION

With hundreds of banks and trust companies in the jurisdiction, the Bahamian government is constantly



**Michael Halkitis, Minister of Economic Affairs**



**Christina Rolle, SCB Executive Director**



## **No matter what is going on in the economy... The Bahamas has always maintained its status as a global leader by being able to adapt to new situations**

engaging public and private sector stakeholders in dialogue to explore a slate of suggested reforms and innovations that will allow the country to continue to make its presence felt in the global financial services market. This has been the Bahamas' historical approach, focusing on making strategic moves advantageous for all parties involved.

Twenty years ago, for example, it introduced the SMART fund to allow practitioners to design innovative structures uninhibited by inflexible regulations. Years later, The Bahamas brought the Investment Condominium

on stream to cater and appeal to specific regional markets. The Bahamas' growing array of wealth and investment vehicles allow financial services clients to protect their assets, grow their wealth, and plan for succession to suit their needs.

More recently, the overhauled Investment Funds Act, 2019, which updated the responsibilities of related parties and modernized the funds regulatory regime in The Bahamas with an AIFMD-ready legal framework, is another example of this pragmatic, protective, innovative approach to delivering world-class regulation.

### **GLOBAL DIGITAL ASSETS HUB**

The Bahamas has also kept pace with emerging trends. An example of this approach manifested in the development of the Digital Assets and Registered Exchanges Act (DARE). "When we benchmarked and developed DARE, we noted that securities regulators around the world were, and to some extent still are fixated on whether certain tokens are

securities or not," said **Christina Rolle**, Executive Director of the Securities Commission of The Bahamas. "While this is an interesting question for the purpose of understanding whether crypto can be captured into the net of securities regulation, the question does not and cannot holistically address all that crypto encompasses and can potentially include. As a result, we determined to establish a distinct legal framework and regulatory space for crypto/digital assets."

### **CONCLUSION**

During these uncertain times, it is more critical than ever for investments to be anchored in a safe harbour. The track record of the Bahamas' financial services industry speaks for itself. It has weathered storm after storm. The Bahamas will continue to maintain its position as a global destination of choice for wealth management and wealth generation, and is committed to keeping its status as the complete and compelling choice for financial services for years to come. ■

# A Step Closer to Compliance with all FATF Recommendations

**The Bahamas is compliant or largely compliant in 38 of the 40 Financial Action Task Force (FATF) Recommendations.**

The Bahamas is compliant or largely compliant in 38 of the 40 Financial Action Task Force Recommendations. As part of its continuing modernization of the country's international regulatory obligations, the Bahamas Attorney General and Minister of Legal Affairs, Senator The Honourable **Ryan Pinder**, has introduced amendments to underlying pieces of legislation to ensure compliance with FATF standards to promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and the financing of proliferation, and other related threats to the integrity of the international financial system.

Attorney General Pinder noted that all of the underlying pieces of legislation were passed to ensure compliance with the anti-money laundering and counter terrorist financing obligations of the FATF. The most recent changes were made to The Anti-Terrorism Act, 2018, The Proceeds of Crime Act, 2018, and The Register of Beneficial Ownership Act 2018. These amendments considerably strengthen mechanisms for enforcement.

## Amendments to The Anti-Terrorism Act, 2018

The Anti-Terrorism Act, 2018 was enacted to implement FATF requirements regarding The Bahamas' regime for combatting terrorist acts, terrorist financing and proliferation financing;

interactions with the United Nations; international cooperation; and enforcement tools. The amendment being proposed empowers The Financial Intelligence Unit (FIU) to impose an administrative penalty on any Financial Institution who contravenes of the Act. This will require financial institutions to report any property used for commission of offences under the Act. In the original legislation no criminal nor administrative penalty was assigned to this obligation. The amendment will assist the FIU in enforcing compliance with the provisions.



**Ryan Pinder, Attorney General and Minister of Legal Affairs**

## Amendments to The Proceeds of Crime Act, 2018

The Proceeds of Crime Act, 2018 (POCA) was one of three

pieces of primary legislation passed to bolster The Bahamas anti money laundering regime. The amendments to the Act seek to clarify ambiguities, better align with international anti-money laundering standards. And provides that any document obtained under a production order, is admissible in court.

## Register of Beneficial Ownership Amendments

The Bahamian Register of Beneficial Ownership Act 2018 (ROBO) was passed to, "provide for the Competent Authority to establish and

maintain an electronic database of beneficial ownership details for all corporate and legal entities registered in The Bahamas and to permit search of the database of every corporate and legal entity registered or resident in The Bahamas by a designated person upon the request of specified authorities designated in the act.

ROBO provided for the development of a beneficial ownership secured search system (BOSSs). The implementation of the BOSSs brought The Bahamas into compliance with several recommendations and related requirements of the Financial Action Task Force. The full implementation of the BOSSs was a critical component in terms of the European Union Anti-Money Laundering Blacklist (AML Blacklist).

The recent amendments to this Act will assist in tightening the provisions and reflect requirements to further comply with international best practices regarding transparency of beneficial information of companies and other legal entities registered and incorporated in our country. The amendments





define law enforcement authority and Supervisory Authority as this was not included in the original legislation. It further imposes a duty on legal entities and registered agents to ensure that the information provided or recorded in the Bill is accurate.

The Bahamas Gaming Board and the Ministry of Finance have been added to the list of agencies that can request a search of the secure search system. Requests for searches by the Ministry of Finance must only be made in carrying out its duties under the International Tax Cooperation Act and the Automatic Exchange of Financial Account Information Act and are not permitted to undertake fishing expeditions. An administrative penalty regime has been added to this legislation as well bolstering enforcement tools and aiming to deter non-compliance.

### Next Steps

The Office of The Bahamas Attorney General will be submitting a re-rating of the final two of the 40 Recommendations to the CFATF – one addressing Not for Profits, and another addressing the effective regulation and supervision/monitoring of virtual asset services providers, working with the Securities Commission of The Bahamas on the latter. The intent of these latest changes is to ensure compliance with all 40 of the FATF Recommendations. ■



# Financial Services Remain Government Priority

**In his budget contribution for the 2022-23 fiscal year, The Honourable Michael Halkitis, Minister of Economic Affairs, reinforced that despite all the recent global turmoil, The Bahamas remains a safe harbour for financial services and investments.**

“Our financial services industry is built on the three pillars of measured innovation, world-class expertise, and jurisdictional excellence,” he said, specifically noting:

- **Our measured approach** to innovation refers to our ability to keep pace with our global competitors while introducing innovations of our own. But the key here is that The Bahamas always plays to win – investors are assured that stability in our financial services sector is always a priority.
- **Our legislative framework** that governs our financial services industry is among the strongest in the world. It is thanks to the strength and adaptability of our laws that we are able to remain a global leader while remaining compliant with changing global standards.
- **Our innovative approach** is driven by the talent and expertise of our people. On a per capita basis, I don’t believe that any jurisdiction boasts the level of talent that we have in financial services: we have an abundance of world-class attorneys, accountants, financial advisors, wealth management experts, and insurance professionals who power the financial services sector.

He added, “When we speak of jurisdictional excellence, we are talking about our geopolitical advantages like our proximity to the US, economic and political stability, status as an international transshipment gateway, and the beauty of our sun, sand, sea, and people. We are also referring to our good standing internationally, our strong relationships with the global community, and our



**Our financial services industry is built on the three pillars of measured innovation, world-class expertise, and jurisdictional excellence**

commitment to transparency and anti-money laundering measures.”

He said during this budget cycle, The Bahamas will be prioritizing the promotion of the jurisdiction as being “open for business” to global investors.

“We are reinforcing The Bahamas’ brand on the global stage by focusing on our unique strengths while promoting awareness of our resilience and progressiveness as a financial services jurisdiction,” he said.

“Thanks to continued stakeholder

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engagement on industry challenges and opportunities, the Ministry of Economic Affairs has a clear and fully developed policy direction and strategic approach that will guide its agenda for the coming fiscal year. “

The Minister added The Bahamas’ financial services offerings are being deepened and broadened, driven by a host of Fintech advancements, and developments of global importance.

The capital markets regulator, Securities Commission of The Bahamas, is spearheading a raft of initiatives to advance this transformation, including:

- **Amendments to the Digital Assets and Registered Exchanges Act (DARE) to address key developments since its promulgation;**

- **An overhaul of the Securities Industry Act, which will bring commodities and securities derivatives within the scope of regulations in The Bahamas;**
- **Amendments to the Investment Funds Act to clarify the investment fund manager regulatory regime and maintain the compliant, business-friendly spirit of the legislation; and**
- **The introduction of rules for non-bank money lenders to bring much-needed consumer protection to the space, including protecting borrowers from predatory lending practices.**

“The Securities Commission is reviewing the position of global standards setters and leading regulators to update DARE to address key issues and opportunities that are emerging in the digital assets space,” he said.

Stable coins are a hot button issue globally, due to their potential application as a means of payment and the ensuing potential that they may someday pose a threat to financial stability.

“The Government is looking at issues around disclosure, and valuation as well as other investor and consumer protection issues,” he said.

“We expect to expand the DARE Act to address these critical issues and raise the standards for registration of this specific type of digital asset.” ■

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Meanwhile, many other currencies have been sliding against the US dollar on account of the impact of interest rate differentials, and a perceived general safe haven status of the US dollar.

Since the British pound's dominance predating WWII as the chief medium of foreign exchange, there has been a gradual and at times precipitous fall of the pound against the dollar as the US dollar became the de facto pre-eminent reserve currency of the world (comprising more than 60% of global foreign exchange holdings), amplified by events like 2016's Brexit when GBP declined by 8% in 24 hours. Flirting with a 37-year low versus the US dollar, GBP currently sits at approximately 1.1 USD to 1 pound.

As of September 2022, as compared to the US dollar, the South Korean won has been trading at a 13-year low and the Japanese yen at a 24-year low .

Investors may consider paying attention to the role that foreign exchange rates are having to achieve optimal import and export savings.

The impact on the interest rates



suggests that by holding bonds and short-term treasury instruments will lead to higher than usual returns. With rising interest rates and the resulting cost of borrowing steepening, alternative fundraising such as pooling via private placement investment fund vehicles may prove important.

The equity markets are in a downwards spiral with equity values plummeting, and in some cases, a perceived correction to some aggressively priced big tech valuations. There is speculation of stock valuations worsening before their betterment once inflations get under control. This potentially creates

an opportunity for bullish investors on the eventual recovery of the markets to buy at properly timed deal prices, as has been seen in past recessionary periods.

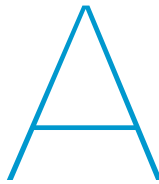
An inverted yield curve has been used as a reliable predictor of recessions to come. The normal shape of the bond yield curve is sloping upwards, as in general investors are typically rewarded more for being without their principal for longer periods.

The US yield curve has inverted. As reported by Bloomberg on September 14th, 2022, the two-year US treasury yield as compared to the thirty-year treasury yield reflected the largest spread seen for the century, as much as 35 basis points in depth above the thirty-year yield, a level similar to the year 2000 during the dot-com bubble implosion.

As the global economy grapples with stabilizing the market and real purchasing power by taming inflation, Equity Bank Bahamas remains vigilant and anchored in its commitment to its clients. We are fiercely committed to your success. ■

## COMMUNITY

# Philanthropy for Youth



AT EQUITY, WE STRONGLY BELIEVE in supporting the development of the youth in The Bahamas in both academia and recreational activities and are fiercely committed to their success. During the first three quarters of 2022, Equity Bank Bahamas Limited (Equity) has donated and sponsored a number of youth sporting events, award ceremonies and scholarships.



In March, First Lady **Ann Marie Davis** graciously presented a cheque to the Crisis Centre on behalf of Equity and the talented artists that participated in the **Fourth Annual Charitable Art Exhibition** held on November 28, 2021. Art sales revenues were retained by the artists, with 15% of proceeds donated to the **Crisis Centre** which is headed by the Office of the Spouse of The Prime Minister. The Crisis Centre serves to combat violence against women and children throughout The Bahamas.

In April, the **Team Bahamas Aquatics Team** competed in Bridgetown, Barbados at the **35th Carifta Swim Championships**. Equity was a proud sponsor and traveled with the team to cheer and show their support. Team Bahamas won gold for the fourth consecutive year!



In May, we made a bid on a stunning art piece (pictured below) by **Celebrity Artist Jamaal Rolle**. The proceeds of the piece were proudly donated to the **Dignified Girl Project**, whose mission is to ensure that every child and adolescent female has access to essential hygiene products and education to be empowered to make informed decisions regarding their social, psychological, biological, and economic well-being.

In June, the **Bahamas Lawn Tennis Association** held its junior championships and Equity was a proud sponsor of the tournament and presented trophies at the award ceremony to the champions. Also in June, Equity donated towards a scholarship fund for **St. John's College**.

These initiatives represent only a portion of Equity's commitment to the youth in The Bahamas as we strive to encourage, support and provide the necessary tools for their development and future success. ■



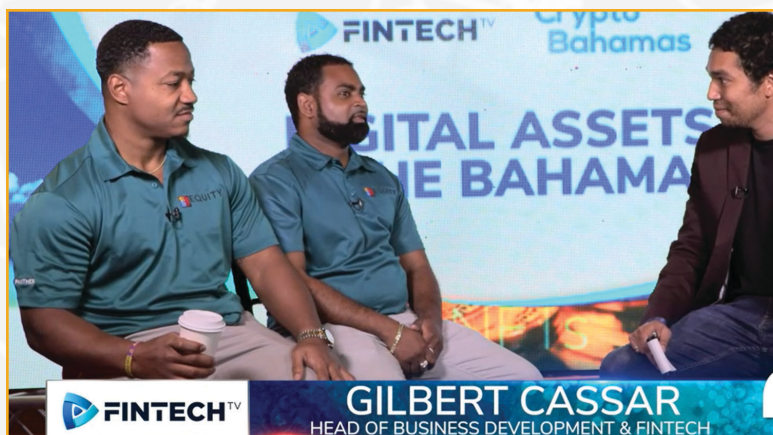
# Fintech TV Interview: @ Crypto Bahamas and Consensus Conferences

IN APRIL, FTX and SALT hosted its first ever **Crypto Bahamas Conference**. The Liongate Team, which included CEO **Michael Dean**, Head of Digital Assets and Fintech Operations **Michael Clare**, and Head of Business Development and Fintech of the Equity Group **Gil Cassar**, were in attendance at the Conference.

The conference environment was filled with some of the world's brightest and most knowledgeable within the crypto space. Prominent figures in the crypto industry were keynote speakers including **Sam Bankman-Fried**, CEO of FTX. Political figures such as **Tony Blair** and former US President **Bill Clinton** were also in attendance.

Notable mention included an opening speech from the Prime Minister of the Bahamas, The Honourable **Philip Edward Davis**, who thoroughly expressed that The Bahamas is well equipped to accommodate Digital Assets-based businesses.

While at the conference, the Liongate Bahamas team was invited to have a fireside interview with **FintechTV**, a global media platform which provides the latest updates in finance, blockchain, technology, sustainability, impact investing, SDGs, and ESG, with a studio



presence at leading international exchanges including the New York Stock Exchange, NASDAQ, and the London Stock Exchange.

During the interview, Messrs. Clare and Cassar spoke about the "Liongate Advantage" with respect to its solutions for digital assets-based businesses who are seeking financial services, specifically compliant crypto custody, crypto trade execution, payment services and a suite of complimentary services from Liongate Bahamas' affiliate companies, such as trusts, investment funds and pre-vetted fiat account relationships on a case-by-case basis.

Too often crypto businesses operate in forced isolation from a proper ecosystem of relevant corporate and financial services. Liongate Bahamas embraces the compliant digital assets industry underpinned by a well-regulated environment in The Bahamas and

provides financial solutions which can mitigate risks in most instances.

Throughout the interview, the Liongate team touched on the current regulatory landscape for digital assets in The Bahamas, noting that the Securities Commission of The Bahamas (SCB) has embraced digital assets and provides a regulatory framework which brings clarity and guidance to the space. SCB has defined Crypto Assets as its own asset class rather than forcing a fit into other asset classes such as securities or commodities.

It was also conveyed how The Bahamas continues to be a trailblazer in the digital asset realm by being the first country to launch a CBDC with the Sand Dollar.

In June, the Liongate team also attended the **Consensus** conference held in Austin, Texas. Consensus, hosted by **CoinDesk**, unites professionals across the globe for an immersive virtual experience aimed at exploring the evolution of cryptocurrency and blockchain technology.

As CoinDesk's largest event of the year the four-day conference brings together more than 10,000 attendees from across the globe. The Liongate Bahamas team was represented by **Michael Dean** and **Michael Clare**. While at the conference in Austin, the team was able to meet with other industry leaders and discuss partnerships and possible synergies.

Furthermore, the team was able to gain insight on the latest developments and forthcoming developments within the blockchain space. ■

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