



MUNDO

ADVISORS

The logo for MUNDO ADVISORS. The word 'MUNDO' is in a large, blue, serif font. The letter 'O' is replaced by a golden globe. Below 'MUNDO' is the word 'ADVISORS' in a smaller, dark brown, sans-serif font. To the right of 'ADVISORS' are four horizontal golden lines of varying lengths, creating a stylized underline.

Firm Profile

Mundo Advisors is an independent, boutique legal and financial services advisory firm specializing in investment funds, securities, finance and corporate services.

We provide a range of bespoke services to a diverse range of clients in areas of financial services, wealth management, alternative investments, asset finance and compliance. Mundo Advisors is licensed with the Securities Commission of the Bahamas as a Financial and Corporate Service Provider (FCSP) and is a member of the Bahamas Financial Services Board.



THE BAHAMAS – A LEGISLATIVE UPDATE

- CRS Implementation
- Regulation of cryptocurrencies in the Bahamas
 - Other Legislative Amendments

CRS – The Bahamas Position

1. Initial intention to implement CRS by way of bilateral agreements with selected partner jurisdictions.
2. Shift to becoming a signatory to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters and implementing CRS on a multilateral basis by way of multilateral competent authority agreement.

OECD CONVENTION

The OECD Convention on Mutual Administrative Assistance in Tax Matters (OECD Convention) is a multilateral instrument pursuant to which signatories undertake to provide administrative assistance to each other in tax matters including: (a) exchange of information, including simultaneous tax examinations and participation in tax examinations abroad; (b) assistance in recovery; and (c) service of documents.

STEP 1: IDENTIFYING RFIs

- Is it an Entity? Yes:-
- Is the Entity in a Participating Jurisdiction? Yes:-
- Is the Entity a **Financial Institution**? Yes:-
- Is the Entity a Non-Reporting Financial Institution? No:-
- **Reporting Financial Institution**

REPORTING FINANCIAL INSTITUTIONS

- RFI's have reporting obligations NOT Non-Reporting FI's or NFE's.
- Essential to categorize Entities accurately in order to determine reporting obligations
- This is the FIRST stage of the process.

INVESTMENT ENTITY

a) Any entity primarily conducts as a business one or more of the following activities for or on behalf of a customer:-

- Trading in money market instruments, foreign exchange etc
- Individual and collective portfolio management; or
- Investing, administering or managing Financial Assets or money on behalf of other persons.

INVESTMENT ENTITY

(b): The gross income of which is primarily attributable to investing, reinvesting, or trading in Financial Assets, if the Entity is **managed by** another Entity that is a Depository Institution, a Custodial Institution, a Specified Insurance Company or an Investment Entity described in (a).

- *Test: gross income attributable to the relevant activities equals or exceeds 50% of Entity's gross income during the shorter of: (i) previous 3 years; or (ii) period during which the Entity has been in existence.*

MANAGED BY?

- An Entity is managed by another Entity if the managing Entity performs any of the activities described in (a) above on behalf of the managed Entity. However, the managing Entity must have discretionary authority to manage the assets (**in whole or in part**).
- If an Entity is managed by FIs, individuals and/or NFEs, provided **any** of the managing Entities are RFIs the managed by test is satisfied.

STEP 2: REVIEW FINANCIAL ACCOUNTS

Financial Accounts that require review:-

- Depository Accounts
- Custodial Accounts
- **Equity and Debt Interests**
- Cash Value Insurance Contracts and Annuity Contracts

STEP 3: IDENTIFY REPORTABLE ACCOUNTS

- A **Reportable Account** is a Financial Account held by one or more Reportable Persons or by a **Passive NFE** with one or more Controlling Persons that are Reportable Persons.
- **Reportable Person:** an individual or Entity that is resident in a partner jurisdiction for tax purposes (other than a **Financial Institution** or various other exceptions).
- **Controlling Person:** the natural persons exercising control over an Entity. **Look-through.**

KEY DATES – DUE DILIGENCE

- Preexisting Accounts: those in existence as of 30 June, 2017
- New Accounts: those established on or after 1 July, 2017
- Review of High Value Individual Accounts (including Equity and Debt Interests etc.) by **31 December, 2017**
[Reporting dates vary depending on when due diligence is completed]
- Review of Lower Value Individual Accounts and Preexisting Entity Accounts by **31 December, 2018**

KEY DATES - REPORTING

- RFIs report to Competent Authority by 31 July, 2018 and by 31 July of each subsequent year.
- 2018 Reporting on all High Value Individual Accounts and any other accounts that have been identified as Reportable Accounts prior to 31 December, 2017.
- Other Lower Value and Preexisting Entity Accounts reported by 31 July, 2019.

Regulation of Crypto Assets in the Bahamas

- **Bahamas Financial Services Board Fintech Working Group**
- **Ministry of Finance**
- **Securities Commission of the Bahamas**
- **Central Bank of the Bahamas**

UNDERSTANDING CRYPTO FINANCIAL INSTRUMENTS

- **PAYMENT TOKENS**
- **ASSET BACKED or SECURITY TOKENS**
- **UTILITY TOKENS**

INTERNATIONAL REGULATORY EXPECTATIONS

- **TAX EVASION**
- **UNSTABLE VALUATION**
- **FRAUD**
- **SCALABILITY**
- **MONEY LAUNDERING/TERRORIST FINANCING**

DEVELOPING A BAHAMIAN APPROACH

- **Payment Instruments**
- **Treatment of Central Bank Supervised Financial Institutions (SFIs)**
- **Issuance of ICOs;**
- **Sponsorship/Promotion of ICOs**
- **Acceptance of Crypto-Deposits/Assets from Clients**
- **On Balance Sheet Investments in Crypto Assets**
- **Prudential Treatment of Exposures**

OTHER LEGISLATIVE AMENDMENTS

- **REGISTER OF BENEFICIAL OWNERSHIP BILL 2018**
NO PUBLIC REGISTER
- **INVESTMENT FUNDS ACT AMENDMENTS**
 - **Non Bahamas based administrators**
- **PERMANENT RESIDENCE POLICY**
 - **INCREASED TO \$750,00**

THANK YOU!!

