



Moving Forward Together

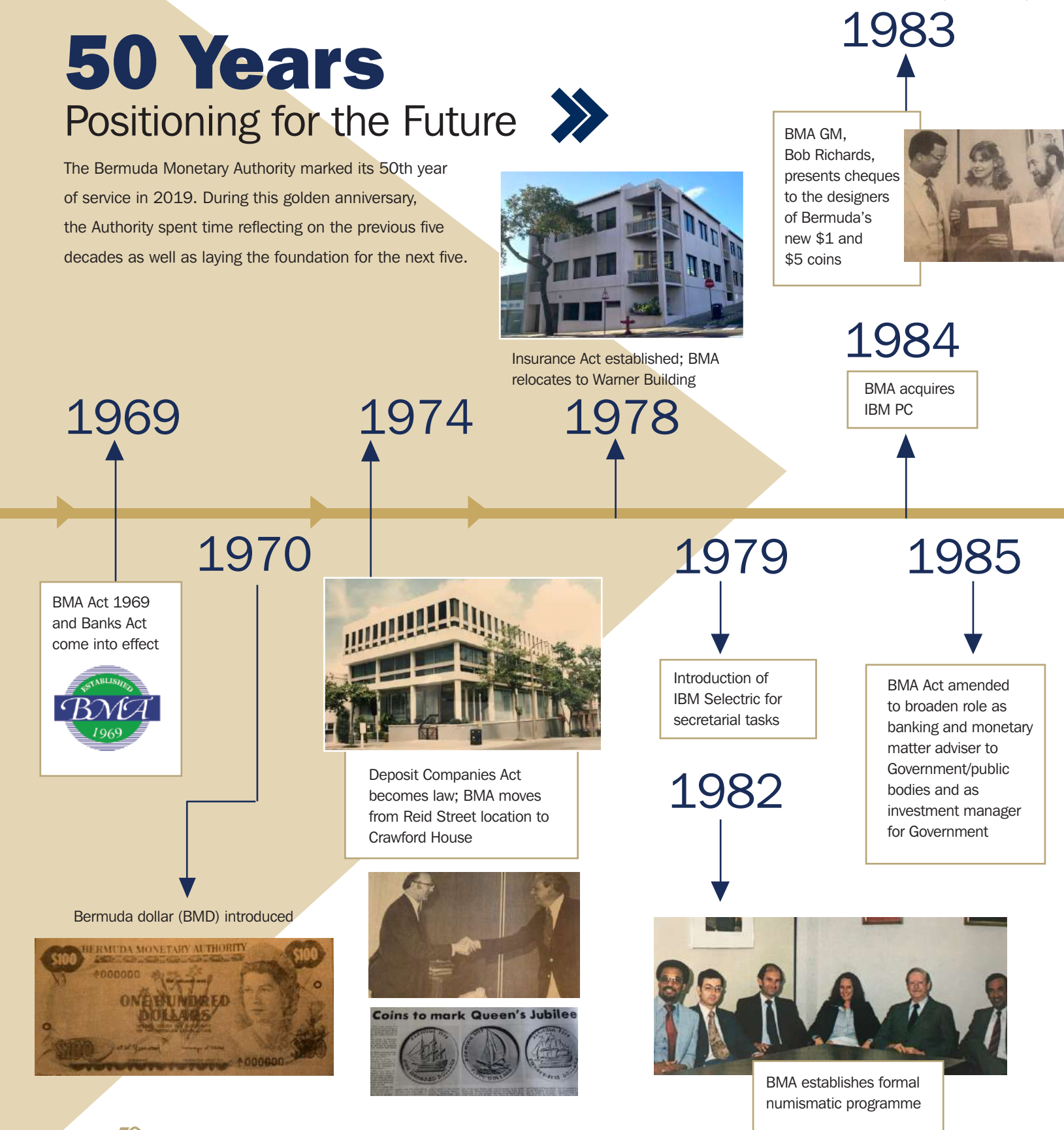




50 Years

Positioning for the Future

The Bermuda Monetary Authority marked its 50th year of service in 2019. During this golden anniversary, the Authority spent time reflecting on the previous five decades as well as laying the foundation for the next five.





Bank Notes Exhibit
at Commissioner's
House opened

Banknote exhibit set up at
Bermuda National Museum;
BMA gains full membership in
the International Organization
of Securities Commissions
(IOSCO); Bermuda Stock
Exchange Company Act
passed

Trust Companies Act
established

Proceeds of Crime Act
legislation established;
Exchange Control
restrictions successfully
eased; BMA purchases
and moves into
the Burnaby Street
Shutters Building

Banks and Deposit
Companies Act
established;
Investment Business
Act established

BMA produces
sophisticated analytical
profiles of supervised
institutions with
computerisation; new
series of BMD with
upgraded security
features

1989

1990

1994

1997

1998

1999

2002

2003

2006

BMA Act amendment
creates framework for
supervision of banks,
deposit companies,
the Credit Union and
collective investment
schemes; welcomed
as full member of the
Offshore Group of
Banking Supervisors;
BMA moves from
Government
Administration Building to
Sofia House



National Anti-Money
Laundering Committee
established (NAMLC)

BMA begins
regulating
Bermuda's
insurance industry

Investment Business
Act established

BMA GM, Malcolm
Williams, inspects newly
discovered Hogge Money

BMA celebrates its
25th anniversary





INTEGRA®
BERMUDA MONETARY AUTHORITY

BMA launches
INTEGRA® portal;
Digital Asset Business
Act receives assent

NAIC grants
Bermuda Qualified
Jurisdiction Status

Basel II Implementation; BMA
launches new family of banknotes

2007

2010

2014

2016

2018

2019

2009

Official opening
of BMA House

Bermuda's enhanced
commercial insurance
regime achieves full Solvency
II equivalency

NAIC approves
Bermuda as
Reciprocal
Jurisdiction; Bermuda
reaches full Basel III
implementation

BMA celebrates its
50th anniversary



Bermuda \$2
banknote wins
International
Bank Note
Society's (IBNS)
Bank Note of
the Year





BMA given
hog money



Mr. Anthony Goodfellow.

BUSINESS

Logic boss Richardson named BMA chairman



Island leads the world in ILS

Bermuda is leading the world in the issuance of insurance-linked securities (ILS). A report published by the Bermuda Monetary Authority shows that \$3.5 billion of ILS, predominantly catastrophe bonds, were issued by Bermuda-based Special Purpose Insurers (SPIs) during the first three quarters of this year. That means the Island is on track to overtake offshore rival and erstwhile market leader the Cayman Islands — which over the same period issued \$1.8 billion of ILS — to become the dominant domicile in the sector for the first time.

The BMA released its first quarterly "Bermuda Insur-

Goodfellow reflects on accomplishments



Mr. Anthony Goodfellow.

Hedge fund expert: Bermuda gets regulation balance right

But the Bermuda Monetary Authority won praise from panellists, which included keynote speaker Dame Amelia Fawcett, a hedge fund chief, a US Treasury Department official, and senior member of the EU's European Securities and Markets Authority (ESMA).

Tim Selby, president and director of the New York Hedge Fund Roundtable, said: "One of the things that Bermuda has done better than most is embracing the marketplace and trying to find out how they can be a better and more efficient regulator."



Seven new insurers registered in October

Solvency II recognition removes red tape

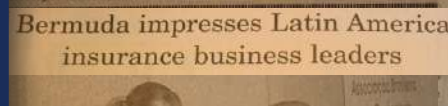
Raymond Hainey

An EU seal of approval for Bermuda's insurance market will make the global business more competitive, the head of the Association of Bermuda Insurers and Reinsurers

Reflecting on the Past
Throughout the year, the BMA shared its storied history. The Authority published five articles in The Royal Gazette and on its website, each chronicling a decade from the BMA's past. These features were a springboard for public awareness about both the BMA and the gravity of its work.

Bermuda impresses Latin America insurance business leaders

Premier the Hon. John W. Swan (centre), tours a display of Bermuda notes and coins which was opened yesterday in the offices of the Bermuda Monetary Authority by the Hon. David Gibbons (right), the Minister of Finance. Opening the exhibition on the top floor of the Government Administration Building, Mr. Gibbons pointed out that "money was a very important part of our trading heritage...It all comes back to money", the Finance Minister quipped. Looking on from the Monetary Authority (from left) are the managing director, Dr. Merlyn Truett, and chairman Mr. Frederick Yearwood.



NEW MONEY — The Bermuda Monetary Authority's 35th anniversary commemorative banknote.

BMA set to anniversary

BMA accepts banknote award

Cox: no Brexit

BMA's 35th anniversary commemorative banknote is the first of its kind in the world. It features a design inspired by the island's history and culture. The banknote is made of polymer and is highly secure. It is available in denominations of \$10, \$20, and \$50.

High-tech new Redesigned notes to

Bermuda keeps offshore captive

The Bermuda Monetary Authority 35 years on

The Authority anticipates that the review by the working group will be completed by January 2016, with a consultation paper being published in the months by the end of March. "As with any regulatory body, the Authority's role is to ensure that the regulatory framework is robust and effective."

BMA joins committee of global insurance regulators

The goal is to incorporate more explicit guidance as to the form and content of information investment firms and pension providers give to their clients." BMA CEO Matthew Clouston.



Mr. Charles Mann

Rate data essential for monetary chief

Whether direct investment by Bermudians should be encouraged by evaluating the "potential" of the investment, or simply the "potential" of the investment, is a question that should be considered. But if such changes were implemented, it would be necessary to consider the impact on the financial system.



Dr. Merlyn Truett

BMA hosts regional CARTAC banking supervision workshop



CHAIRMAN OF THE MONETARY AUTHORITY, Mr. David Gibbons presents Finance Minister the Hon. John W. Swan with a commemorative banknote.

BMA to issue new-look banknotes



CHAIRMAN OF THE MONETARY AUTHORITY, Mr. Reginald Tucker (pictured left), has been named as a director of the Bermuda Monetary Authority. He fills the place on the seven-man board of directors left vacant following the resignation of Senator Charles Collis on his appointment to the Senate. Mr. Tucker, who was chief general manager of the Bank of Bermuda, retired last September after 30 years of service.

Simons retires as BMA chairman

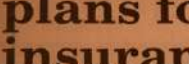
Mr. Reginald Tucker (pictured left), has been named as a director of the Bermuda Monetary Authority. He fills the place on the seven-man board of directors left vacant following the resignation of Senator Charles Collis on his appointment to the Senate. Mr. Tucker, who was chief general manager of the Bank of Bermuda, retired last September after 30 years of service.

Island creates a new fund class providing fast-track registration

Mr. Reginald Tucker (pictured left), has been named as a director of the Bermuda Monetary Authority. He fills the place on the seven-man board of directors left vacant following the resignation of Senator Charles Collis on his appointment to the Senate. Mr. Tucker, who was chief general manager of the Bank of Bermuda, retired last September after 30 years of service.

BMA lays out its plans for enhanced insurance regulation

Mr. Reginald Tucker (pictured left), has been named as a director of the Bermuda Monetary Authority. He fills the place on the seven-man board of directors left vacant following the resignation of Senator Charles Collis on his appointment to the Senate. Mr. Tucker, who was chief general manager of the Bank of Bermuda, retired last September after 30 years of service.



COINS BOUGHT
Every Wednesday and Friday from 12 until 2 p.m. Please bring your coins, including Royal Visit coins; interesting first-day covers etc. We do not make exaggerated claims about highest prices in the world, but we do give very fair prices. Come and see us.
Portobello Coins & Curios
below Gordon's store in Reid Street opposite the Medical Hall.
Phone any time: 2-7261

'Jurisdiction of choice', but challenges lie ahead

BMA works with financial firms to give investors better information



BMA lays out its plans for enhanced insurance regulation

RS
ober

BMA launches banks' code of conduct

Island hits \$163bn in gross written premiums



BMA seeks to lead rather than follow

By Margaret Hickey
Bermuda's financial sector has set the pace for the rest of the world in a bid to set standards rather than follow them.

BMA lands role in global insurance regulation body

The Bermuda Monetary Authority has been appointed a member of the Executive Committee of the International Association of Insurance Supervisors (IAIS) after a vote taken at the IAIS recent annual general meeting in Rio de Janeiro.

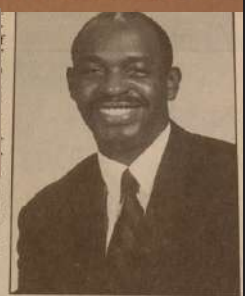


Mr. Morrell's design, to be engraved on the \$5 coin, features an ocean superimposed on a map of Bermuda, while Mr. Copeland's drawing, for the \$1 coin, shows a cat above a Bermuda map. They won \$250 each for their designs.



Bermuda's captives write a third of global business

BMA reports surge in new insurer numbers



A Monetary Authority will be introducing a new series of banknotes in the new \$2 and the updated \$5 through \$100.



CEO is named as BMA insurance supervision regime



Bermuda's view was 'Look, we've got to make sure that being known as this very key reinsurance centre, we have to make sure that we are considered one of the best supervisors.'

to celebrate 20th anniversary with new notes

Explaining the Authority's role



Monetary Authority will be introducing a new series of banknotes in the new \$2 and the updated \$5 through \$100.

The Authority's role is to ensure that the insurance industry in Bermuda is regulated in a way that is consistent with the interests of the public.

new cash unveiled

BMA lays out framework to attract catastrophe bonds

place as top domicile

If we do not proactively position ourselves to be relevant before the insurtech tsunami comes our way then we will be among those jurisdictions left wondering 'what happened?' because they were not moving forward.



BMA on track for EU regulatory equivalence

Banking up Bermuda: Pictured in Toronto are a few of the Bermuda representatives, including the Monetary Authority director, Insurance Licensing and Authorisation, Shelby Weldon; JLT Insurance Management EVP Beverly Todd; Attorneys-at-Law, St. John's, JLT Insurance, and others.



BMA works with EU regulator



The Bermuda Monetary Authority has signed a Memorandum of Understanding with the European Insurance and Occupational Pensions Authority.



ings in online

BMA: insurers show 'continued strength

Over the past 50 years, the following individuals have served at the helm of the BMA

CHAIRMAN:

- Jeremy Cox
- The Hon. Gerald Simons, OBE
- Alan C. Cossar
- R. Alan F. Richardson
- Cheryl-Ann Lister
- Mansfield H. Brock Jr., CBE
- Charles Z. Mann
- The Hon. Sir David Gibbons, KBE
- F.W. Yearwood
- D. St.g. Butterfield, CMG
- C. Winston Kempe

EXECUTIVE CHAIR:

- Jeremy Cox

CHAIRMAN AND CEO:

- Cheryl-Ann Lister

CEO:

- Jeremy Cox
- Matthew Elderfield
- Cheryl-Ann Lister

GENERAL MANAGER:

- D. Munro Sutherland
- Malcolm E. Williams
- Anthony Goodfellow
- Lucelle Cooke

MANAGING DIRECTOR:

- Stephen J. Flett
- Dr. Merlyn N. Trued
- A.J. Humphryes
- M. Gough
- R. J. Clifford

Moving Forward Together

SERIES 1: BUILDING BLOCKS



Building Blocks

As the BMA celebrates 50 years in 2019, we take a look back at the last five decades. From providing sound policy advice to pushing Bermuda forward as a reputable place to conduct business, the BMA has had an incredible impact on Bermuda's financial landscape.

One of the BMA guiding principles has always been to create a secure and stable financial environment in Bermuda, whilst ensuring that Bermuda remains an attractive domicile to conduct local and international business. Over the past 50 years, the BMA has met the changing needs of the financial services sector on a local and global scale. It would be an understatement to say that the past five decades have been interesting, but one thing has held true: change is constant. A few recurring indicators of the BMA's stable influence over the past five decades are the Authority's ability to adapt to ever-changing needs; its steadfast application of exemplary standards and consistent regulation; and the organisation's perpetual motion which identifies avenues of regulatory best practices that are beneficial for the Bermuda market and elsewhere.

1969-1979

A time of change and independence.

Bermuda Monetary Authority Act 1969

The formation of the Bermuda Monetary Authority on 20 February 1969, by approval of the Bermuda Monetary Authority Act 1969, came about as a result of the preparations for the wind down of the Sterling Area, a group of countries that either pegged their currency to the pound sterling or issued pounds as their own currency. In 1972, the UK Government decided to abolish the Sterling Area altogether. Because of Bermuda's dependence on the free movement of funds between the island and Great Britain, it became clear that it would be beneficial to make a break completely from sterling. On 31 July 1972, the Bermuda dollar exchange was fixed on par with the United States dollar, which at that time had a fixed value in terms of gold. The Bermuda Monetary Authority Act 1969 had been amended to allow the parity of the Bermuda dollar to be defined not only in terms of sterling, but also 'of any other national or international currency, or of gold'.

The decimalisation of Bermuda's currency meant transitioning the entire island's monetary system from using fractions to decimals. Along with that came the introduction of the Bermuda dollar, which was launched on 6 February 1970.



Bermuda's dollar at that time was equivalent to one United States dollar, or eight shillings four pence in the British pound sterling, which remained in circulation on the island for a short period of time afterwards. Once the Bermuda dollar came into effect, one of the BMA's primary responsibilities was printing and issuing Bermuda currency notes and coins.

'Decimalisation Day' was declared and all local banks were closed for three days in order to facilitate the changeover of currency, which the BMA and Government had spent the previous year planning. The former Bermuda currency notes were gradually withdrawn from circulation, and by 30 June 1970, all of the old currency was demonetised, or stripped of its value and status as money.

Independent Exchange Control

Leaving the Sterling Area also meant that Bermuda needed to introduce its own independent exchange control. This form of regulation had been implemented as far back as World War II and was used by countries as a means to oversee the flow of money in and out of certain jurisdictions. Bermuda had maintained such practices as a network of monitoring throughout the Sterling Area and, with the introduction of the Bermuda dollar, independent exchange controls were introduced to continue providing a means of monitoring the movement of funds between Bermuda and the rest of the world. These newly implemented independent regulatory practices assisted in compiling Balance of Payment figures, which would help the BMA in making future policy decisions. It would also provide a more defined idea of how residents were using their money overseas. Bermuda's exchange control regulations also included the identification and vetting of beneficial owners. The bank would collect the Form E of companies wishing to form in Bermuda, which is an important factor in minimising risks and maintaining high regulatory standards.

The Supervisory Role

Throughout the 1970s, a lot of work and forward thought went into developing the financial sector groundwork that would create the financial services landscape we know today. Aside from printing money, another role that was granted to the Bermuda Monetary Authority was to assume responsibility for the supervision of banks. The Banks Act came into effect in 1969, along with the Bermuda Monetary Authority Act 1969. Whilst the Bermuda Monetary Authority Act 1969 gave the BMA wide-reaching powers, more so than its predecessor the Currency Commissioners, it had mainly been focused on its role as the island's issuer of currency.

It was evident with the expansion of banking, a strong financial services regulator and independent exchange control were essential for Bermuda's growing base of international business.

In March 1973, Mr. John Sharpe, then Minister of Finance, said during his budget speech: "In the consideration of Bermuda's future financial requirements, especially in the fields of Banking, Government Finance and Credit Control, it is felt that the present functions of the Bermuda Monetary Authority should be extended to permit it to perform many functions which are normally performed by a Central Bank and which would enable it to take a fuller role as a watchdog in financial affairs."

One of these steps included significant changes that were made to the Bermuda Monetary Authority Board of Directors in 1973, which deemed that Government officials no longer sat on the BMA Board just by virtue of being a member of the Government of Bermuda.

Steps to Becoming an Independent Authority

In 1974, the Authority merged with the Foreign Exchange Control Department, which included the Controller of Foreign Exchange and nine staff. That same year, the BMA relocated from Reid Street to a new location at Crawford House on the corner of Cedar Avenue and Church Street. This merger marked the first steps of becoming an independently run authority and the beginning of consolidating other local organisations tasked with financial oversight.

Two of the nine staff members who were part of the merger included Ms. Maureen Smith and Ms. Brenda Cardoza, who between them served over 60 years with the Bermuda Monetary Authority.



Crawford House

Ms. Smith started at the Foreign Exchange Control Department as a clerk working under the supervision of Ms. Cardoza in 1970 and recalls the Department being like a "big family". The Controller of Foreign Exchange at that time had been brought in from the Bank of England and Ms. Cardoza's mother and aunt, Ms. Lucy Stailey and Ms. Olive Munro, were also part of the small team working in the Department when they would serve customers at its Reid Street premises. During the 1970s and 1980s, customers were required to visit the Foreign Exchange Control Department and seek permission from the Authority to send funds overseas before going to the bank to purchase foreign currency.

The Deposit Companies Act became law on 1 October 1974 and tasked the BMA with responsibility for receiving and examining applications for licences. This meant that no person was allowed to conduct deposit business in Bermuda without such a licence. The following year, in 1975, the BMA was also empowered to exert its influence on the level of interest rates by varying the maximum rates of interest.

The BMA was taking on more responsibilities and it became apparent that the organisation's technology needed to be updated. Former Minister of Finance, Mr. Bob Richards, began working as the Assistant Controller of Foreign Exchange at the BMA in 1978.

Whilst the BMA had taken on exchange control, it had also designated the four local banks, Bank of Bermuda Ltd, Bank of N.T. Butterfield & Son Ltd, Bermuda National Bank and Bermuda Provident Bank Ltd, and local deposit companies to authorise a wide range of transactions for customers wishing to send money out of Bermuda. In those days, residents of Bermuda could only withdraw \$2,000 dollars per journey without the need for further approval from the BMA.

The bank would collect the Form E, which customers would complete with details of how the foreign currency would be used. Foreign currency at that time was most commonly being used for travel purposes, but other reasons for expenditure included education, medical needs and to pay for services only available overseas.

Mr. Richards recalls, “The Authority realised that these forms were a good source of data to determine what residents were spending their money on overseas. It was a good place to start to calculate Bermuda’s Balance of Payments, which weren’t being published in those days.”

The challenge was that the information on the forms was recorded by hand, which was an incredibly laborious task.

“The first time I saw how the statistics were being calculated, I said to my boss, who was Mr. Malcolm Williams, Controller of Foreign Exchange, we need a computer. A computer can do this. I’d come from a banking environment where they were already ahead with technology, and I campaigned to get computers.”

Although computerisation of the BMA was still a few years away, an IBM Selectric, the ‘cat’s meow’ of electric typewriters at the time, according to Mr. Richards, was purchased in 1979 and used for secretarial tasks.

Marking Bermuda’s History & Special Occasions

As the BMA was responsible for all currency-related matters, it also began marking Bermuda’s historically significant events and special occasions by issuing commemorative coins. In February 1975, Her Majesty, Queen Elizabeth II and Prince Philip, Duke of Edinburgh, visited the island, for which the BMA issued a special coin celebrating this occasion. The issue was printed at the Franklin Mint in Pennsylvania and consisted of a \$100 proof and specimen coin in 900/1,000 fine gold; a \$25 proof coin in sterling silver; and a \$25 specimen coin in cupronickel. The sale of the coins in Bermuda reached \$850,000 dollars and it is estimated that total revenue was even higher due to the successful worldwide sale of these coins, which was administered by the Franklin Mint and to which the BMA received royalties from the global sales.

As the decade drew to a close, the Insurance Act 1978 passed. Whilst the Bermuda Monetary Authority was not yet directly involved in the insurance sector, the Act and the resulting formation of the Insurance Advisory Committee, which provided advice to the Ministry of Finance, would make significant contributions to this growing industry in Bermuda.

In 1978, the Authority relocated its physical operations to the Warner Building at the corner of King and Reid Streets, and by 1979, the number of BMA staff had increased to 25 persons.

Moving Forward Together

SERIES 2: BERMUDA’S BOOM TIME



Bermuda’s Boom Time

As the BMA celebrates 50 years in 2019, we take a look back at the last five decades. From providing sound policy advice to pushing Bermuda forward as a reputable place to conduct business, the BMA has had an incredible impact on Bermuda’s financial landscape.

One of the BMA’s guiding principles has always been to create a secure and stable financial environment in Bermuda, whilst ensuring that Bermuda remains an attractive domicile to conduct local and international business. Over the past 50 years, the BMA has met the changing needs of the financial services sector on a local and global scale. It would be an understatement to say that the past five decades have been interesting, but one thing has held true: change is constant. A few recurring indicators of the BMA’s stable influence over the past five decades are the Authority’s ability to adapt to ever-changing needs; its steadfast application of exemplary standards and consistent regulation; and the organisation’s perpetual motion which identifies avenues of regulatory best practices that are beneficial for the Bermuda market and elsewhere.

1980-1989

Establishing ‘Beneficial Ownership’

Vetting Companies Doing Business in Bermuda

As the BMA moved into its second decade, it had become fully responsible for vetting applications to incorporate companies as an agent for the Minister of Finance. This responsibility would see the BMA establish rigorous ‘Beneficial Ownership’ policies that would solidify the Island’s reputation as a prudent international financial services centre. International Business was booming by 1980, ranked second only to the tourism industry in importance to Bermuda’s economy. The number of companies registered in Bermuda increased by 52.8 percent between early 1976 and the end of 1980. The Island also saw a boom in construction projects for the creation of office space in Hamilton. From early on, the BMA had introduced a level of scrutiny for companies wanting to set up and do business from or in Bermuda and was very much a leader in having a ‘know-your-customer’ regime in place in the early 1980s.

Former Finance Minister Bob Richards, who worked at the BMA until 1983, recalls that Bermuda was unique as a jurisdiction because of its company vetting policy.

SERIES 2: BERMUDA'S BOOM TIME

CONTINUED

"Our forbearers in Bermuda wanted to know whom the beneficial owners of companies were going to be. They required disclosure on persons behind companies and whether they were good guys or crooks?"

Appointed in 1984, Ms. Lucelle Cooke was the BMA's first female General Manager and Controller of Foreign Exchange. She had previously worked as Assistant Financial Secretary at the Ministry of Finance under Finance Minister David Gibbons, who quit the post and was named Chairman of the Authority that same year. She recalls there were "rules in place and everything was done according to those rules, so it was fairly straightforward" for incorporating businesses.

"One of our main jobs was monitoring what kind of businesses applied to set up on the island. We had to vet their intended activities and owners to make sure they weren't involved in organised crime, which was our biggest threat at the time," she recalls.

Exchange Control Dominated Operations

During the 1980's, Bermuda still maintained a stringent Exchange Control regime, even though UK Prime Minister Margaret Thatcher had abolished Exchange Control in the UK almost overnight in 1979.

Mr. Richards recalls plans that had been made for him by the Controller of Foreign Exchange, Mr. Malcolm Williams, to travel to the Bank of England as "Bermuda had a mini version of Exchange Control of what they had in London."

However, overnight, "everyone who was working in Exchange Control in the UK, which at that time had to have been hundreds of people, had all been let go," he remembers.

Ms. Marcia Woolridge-Allwood, who joined the Authority in 1986 as Manager, Exchange Control, recalls that the rigid controls "required all residents to secure permission from the BMA, or the banks under the Controller's delegated authority, to purchase foreign currency for current payments or capital payments."

She remembers, "When I joined the Bermuda Monetary Authority, the Authority's Exchange Control activities dominated the operations of the Authority and, in addition, we compiled the balance of payments statistics, conducted vetting and made recommendations for the incorporation of companies and granted permission for the issue and transfer of shares to non-residents for exchange control purposes."

Merlyn N. Trued, BMA Managing Director and Bob Richards, General Manager attending an Annual General Meeting of the Bank for International Settlements in Basel, Switzerland.



Ms. Maureen Smith, who worked at the old Foreign Exchange Control Department which merged with the BMA in 1974, and was one of the BMA's longest-serving employees, recalls that throughout the 80s exchange control allowed the Controller, in consultation with the Minister of Finance, to make changes to foreign currency allowances for residents depending on the financial climate at the time.

In 1981, the annual foreign currency overseas investment allowance of \$25,000 was broken down into four quarterly allowances of \$6,250, which remained in effect throughout the first half of that year. It was an attempt to spread the impact of capital outflows over the entire year due to increased international interest rates. It was lifted in the second half of 1981, as the rest of the year showed declining international interest rates. Exchange Control would see restrictions placed on allowances throughout the decade to curtail the deterioration of Bermuda's Balance of Payments. By the end of the decade, recommendations had been made to the then Minister of Finance David Saul, to begin a phased relaxation of Exchange Control. However, the deterioration of Bermuda's Balance of Payments persuaded the Minister that the time was not right for relaxation to take place.

Ms. Smith notes that with the tighter restrictions in 1989, the Minister, with backing from the then Controller of Foreign Exchange, Anthony Goodfellow, announced reductions in personal travel and cash gifts allowances from \$5,000 to \$3,000.

Improved Statistics for Policy Decisions

The BMA realised it needed to develop a better method for calculating the Balance of Payments estimates, as the more accurate statistics would allow for a more meaningful and certain guide to policy decisions. The BMA also noted, in 1982, that the characteristics of a legitimate financial centre were the development of a satisfactory system of reliable and current statistics. The form filled out by customers at banks to purchase foreign currency was the primary source of information at that point. In 1982, the BMA had hired a consultant to undertake the task of determining the organisation's computer requirements, and by 1984, an IBM PC was acquired, which quickly improved the productivity of processing the Form E data coming from the banks.

Improved Statistics for Policy Decisions *continued*

The BMA handled 121,000 Forms E in 1985 – the ability to process such a volume at a greater speed was invaluable. The daily processing of the data from the forms, says Ms. Smith, gave the BMA a better understanding of when restrictions needed to be made because it could “immediately recognise any irregularities or contraventions by individuals or firms of the Exchange Control regulations.”

Having more accurate Balance of Payments was also key. In 1985, an amendment to the Bermuda Monetary Authority Act 1969 broadened the role of the BMA to advise the Government and public bodies on banking and monetary matters and also permitted the BMA to act as investment manager for Government.

Mr. Peter Sousa, who joined the Authority as an investment officer in 1986, said being able to “properly track the inflows and outflows in our economy meant that policy decisions being considered wouldn’t be made in a vacuum.”

The implications of the decisions had knock-on effects whether it be relaxing Exchange Control or amending interest rate policies.

An Important Player in the Global Financial Sector

Relationships were built between the BMA and international institutions during this period, including the International Monetary Fund (IMF), Federal Reserve Bank of New York, as well as major US banks and central banks in other countries. The connections allowed for staff to take part in various international training programmes. Exposed to international monetary, financial and management techniques practised worldwide, staff could better apply the research and recommendations for Bermuda’s policies.

As the world became more globally connected, by the latter part of the decade banking supervision began to change rapidly. Interdependence of banks worldwide meant an increasing need for improved supervision and the development of common international standards.

With these expanded changes and the need for a broader supervisory role, further computerisation took place at the BMA. This automation allowed for greater data storage based on the statistical information being passed on by local banks and deposit companies. These enhancements at the end of 1989 gave the BMA’s Supervisory Division the ability to produce more sophisticated analytical profiles of those supervised institutions.

In 1988, at the meeting of central bankers in Basel, the Basel Accord was created and provided recommendations for banking regulations in regards to the capital adequacy of financial institutions.

A Rich Numismatic History

Throughout the decade, the BMA issued commemorative coins marking special occasions. A formal numismatic programme was introduced in 1982 to ensure an orderly issue of currency notes, circulation coins and commemorative coins. The programme would also allow for a more reliable source for serious collectors. Numismatic offerings generated revenues for the BMA, and the programme helped to increase support on the island with growing public interest to collect commemorative items significant to Bermuda’s history and special occasions.

Mr. Sousa, who eventually moved over to manage the numismatic department and also co-edited ‘Coins of Bermuda’ in 1997, notes the BMA’s pride in its role in “helping to capture those important moments of the history of Bermuda life through its special commemorative notes and coins.”

Throughout the decade, commemorative coins were issued to mark the 375th anniversary of the settlement of Bermuda; a five-year commemorative series of crown-size dollar coins featuring Bermuda historical scenes and wildlife; and a Bermuda Coinage Set to mark the first design change to Bermuda coinage since decimal coinage was introduced in 1970.

By 1988, the Authority had formed the Currency Bureau to manage the increasingly active coin and banknote operation. The new structure amalgamated responsibilities for both circulation and numismatic items into one section.

That same year, the first \$2 note was issued, as well as one cent through 50 cent coins and a new circulation dollar coin. A new series of currency notes with enhanced colours and upgraded security features was introduced in 1989 to mark the BMA’s 20th anniversary.

Moving Forward Together

SERIES 3: SUPERVISORY POWERS



Supervisory Powers

As the BMA celebrates 50 years in 2019, we take a look back at the last five decades. From providing sound policy advice to pushing Bermuda forward as a reputable place to conduct business, the BMA has had an incredible impact on Bermuda's financial landscape.

1990-1999

Exchange Controls/Anti-Money Laundering Initiatives

Expansion of Duties

The third decade of the BMA saw further advances in broadening the BMA's powers. The Bermuda Monetary Authority Act 1969 was amended to enable the BMA to supervise, regulate and inspect specified financial institutions by giving statutory backing to its involvement in processing applications for the incorporation of companies and the formation of partnerships, as well as the issue of permits to foreign companies. Whilst this function had previously been carried out by the BMA voluntarily, the need for permission to be given under the Exchange Control Act 1972 for the issue and/or transfer of shares to non-residents required the BMA to be automatically involved in many of the previous applications.

By 1992, there were 7,022 exempt companies registered in Bermuda, of which 19 percent were insurance companies. The BMA was also physically expanding due to its new responsibilities, and in 1990 the BMA left the Government Administration building and moved into the first floor of Sofia House across from the Cathedral on Church Street. The move symbolically underlined the BMA's constitutional separation from the Government.

By 1991, as the organisation continued to expand its duties, there came a need to reorganise into five divisions and a Policy and Research Unit. The five divisions created were the Administration Division; Domestic Economy Division; Companies, Partnerships and Permits Division; Financial Services Division; and the Exchange Control Division.

Relaxation of Exchange Control

Whether or not to relax Exchange Control was still a predominant conversation throughout the early part of the 1990s. Two of the main concerns regarding relaxing Exchange Controls were (i) accepting international interest rate structures, and (ii) the stability of the Balance of Payments would have to be brought about by the development of other control devices.

The tide had begun to turn and whilst it was noted that Exchange Control had achieved some benefits, including orderly management of the inflows and outflows of currency that had helped with the development of Bermuda, the BMA believed it had clear downsides. One downside was that it had become more challenging to present Bermuda as part of the modern financial community whilst retaining outdated methods like Exchange Control.

According to Mansfield Brock, CBE, who was the BMA's Chairman from 1993 – 1999 and worked closely with former Premier and Finance Minister the late Dr. David Saul to gradually phase out Exchange Control restrictions, a foreign currency regime was bad for Bermudians. "It limited our freedom to invest, and with the rigid interest rate ceiling of 7 percent at the time, Bermudians could not benefit from the worldwide growth by investing in currency and companies worldwide."

He continues: "I knew the regulations very well because I had been Bermuda's Financial Secretary. I knew the Controller [of Foreign Exchange] could get rid of this without any change in legislation and Cabinet approval. We got together with the Minister of Finance and said we want to gradually do away with Exchange Control over a period of time without fanfare and with no announcements. We just gradually eased the restrictions. The Controller would give permission in areas where he felt permission would benefit the country."

Whilst the Exchange Control Act was never repealed and is still written into law today, by 1997, the BMA no longer had involvement in the administration of Exchange Control relating to monetary exchange transactions.

Worldwide Supervision Increases

Whilst Exchange Control went through gradual relaxation, the supervision and regulatory environment worldwide only became more stringent. The groundwork that the BMA had laid in 1989 proved beneficial with an amendment to the Bermuda Monetary Act 1969. The amendment in 1990

Marcia Woolridge-Allwood and Malcolm Williams (from left) presented Queen Elizabeth II with the \$100 gold proof coin commemorating her visit to Bermuda.



intended to build a robust and comprehensive legislative framework covering the supervision of banks, deposit companies, the credit union and collective investment schemes or 'financial institutions' in Bermuda. The amendment was the first step to bring local banks within the internationally accepted and practiced standards of supervision set down under the Basel Accord of 1988.

With the Basel Accord for banks internationally accepted, the BMA was continuing to move to meet international standards for supervising financial institutions locally. Questions directed to the BMA from foreign regulators/institutions regarding Bermuda's system of supervision reflected growing concerns within the global financial sector over the management of risks. Likewise, the formulation of adequate regulatory measures to ensure investor protection locally was also becoming more imperative.

In 1990, Bermuda was formally welcomed as a full member of the Offshore Group of Banking Supervisors, having earlier been accepted into the Caribbean Banking Supervisors' Group. The Offshore Group of Banking Supervisors liaised directly with the Basel Committee and represented a major step for Bermuda towards consolidating status as a stable financial jurisdiction.

As part of the Basel Agreement, in 1993, Prudential Information Returns were introduced. The forms were completed quarterly for banks to provide a breakdown of the bank's balance sheets. Analysis of the statistical information provided by the banks, combined with regular prudential meetings, provided the basic framework for supervision in Bermuda.

The threat of money laundering had begun to rear its head and in 1990, a representative from the BMA attended the Conference on Economic Crime held in Barbados. Concerns over money laundering were highlighted and attendance proved helpful with assisting in the detection of criminal activities and taking better measures to protect Bermuda from such actions.

In the latter part of the decade, more inroads were made in terms of combating money laundering with the passing of the Proceeds of Crime Act 1997, which encompassed money laundering offences and penalties. In 1998, NAMLC was established to advise the Government on the development and implementation of policies and activities to combat money laundering.



Deposit-Taking Division Left to right (standing): Simon Frew, Tanya Esdaille, Mark Trott, Munro Sutherland. Left to right (seated): Joanne Tucker, Amanda Jackson.

The BMA introduced the Anti-Money Laundering Internal Control Procedures through its Policy, Research and Statistics Division, which was designed to regulate anti-money laundering procedures within the Authority.

By the early 1990s, the BMA now had authority to supervise further financial institutions with the introduction of the Trust Companies Act 1991. The Act provided the licensing system and the supervisory framework for trust companies and the inclusion of trust companies as financial institutions under the Bermuda Monetary Authority Act 1969.

A Formal Stock Exchange

In 1992, the Bermuda Stock Exchange Company Act was passed, with the recognition that the existing local Exchange needed to be transformed into a properly regulated, modern, electronic exchange on which international companies could be listed. By 1993, the Bermuda Stock Exchange (BSX) had attracted listings of over 30 international mutual funds. The Exchange was established as a self-regulatory body, but an amendment was made to the Bermuda Monetary Authority Act 1969 to add the Stock Exchange as a financial institution subject to supervision, regulation and inspection by the BMA.

Peter Sousa, who worked for the BMA from 1986 – 1997, adds, "What the Stock Exchange Company Act of 1992 did was put in place a proper structure, proper governance, proper regulatory reporting and responsibility. It took a sleepy trading system, structured it and formalised it in a way that it could be more effective domestically, but also recognised internationally. This was all part of Bermuda being seen as a respected and credible international financial centre."

Later that year, the BMA gained full membership in IOSCO. IOSCO's primary goal was to develop the broadest possible international consensus on regulatory matters relating to the integrity of markets, efficiency of cross-border capital formation and protection against fraudulent activity.

SERIES 3: SUPERVISORY POWERS

CONTINUED

New Displays for Bermuda's Notes & Coins Collection

Exciting developments for the numismatic division of the BMA saw a permanent exhibit of Bermuda's history of notes and coins open in 1992 at the Bermuda National Museum, formally the Bermuda Maritime Museum. The opening coincided with the issuance of a new \$50 currency note, which featured a sketch of the Santa Lucia ship that wrecked off the reefs of Bermuda in 1584 on one side and, on the other side, the Commissioner's House.

A Note & Coin Exhibit to mark the BMA's 25th Anniversary was unveiled by Sir Eddie A. George, former Governor of the Bank of England, at the offices of the Corporation of Hamilton at City Hall. During his time in Bermuda, the Governor also unveiled a commemorative plaque at the BMA office at Sofia House, along with other 25th Anniversary Commemorative items. In March of 1992, the BMA's General Manager, Malcolm Williams and Deputy General Manager, Marcia Woolridge-Allwood, presented Queen Elizabeth II number 1 of the \$100 gold proof coins commemorating her visit to Bermuda with the Duke of Edinburgh.

Archaeological Dig Uncovers Hogge Money

During the summer of 1994, employees of the BMA took part in an archaeological dig on Castle Island in Castle Harbour. The dig, co-led by Dr. Edward Harris, former Director of the Maritime Museum, involved visiting university students from Virginia's College of William and Mary. Mr. Sousa recalls "Quite a number of pennies, shillings, threepence and sixpence were discovered." But the most exciting discovery that day, recalls, Leanora Stovel-Smith, one of the BMA's longest serving employees, was the moment she uncovered a piece of 'Hogge Money' – some of Bermuda's oldest money that dated back as early as the 1600s. "We were told there was a possibility we might find something, but I was surprised. As I dug and I felt something hard, I said, 'I think I found something.' I couldn't believe it, but it ended up being a piece of Hogge Money" Mrs. Stovel-Smith said.

In 1997, having purchased and moved into its new premises at the former Shutters Building on Burnaby Street, the BMA held a reception to honour the occasion. The reception also marked the official opening of the Hogge Money display pieces, which were part of the "Castle Island Collection" and recognised as the most authentic group of Hogge Money coins in existence. Earlier that year, a permanent exhibit of Bermuda's notes and coins had been

established at Burnaby House during the official opening of the BMA's new premises.

That same year, the BMA published the book "Coins of Bermuda," edited by Mr. Sousa, General Manager Malcolm Williams and Dr. Edward Harris. This reference book was a product of six years' of research, and describes and illustrates Bermuda's vast numismatic heritage.

By the end of the decade, the BMA restructured its departments into five divisions: Administration; Authorisation & Compliance; Deposit-Taking Institutions; Investment; and Policy, Research & Statistics. This organisational change reflected new legislation that was to come into effect in 2000 in regards to the Banks and Deposit Companies Act 1999 and the Investment Business Act 1999.



BMA's first owned premises, opened by the late David Saul, former Premier and Minister of Finance of Bermuda.

Moving Forward Together

SERIES 4: POSITIONING FOR THE FUTURE



BMA's first female Chair and CEO, Cheryl-Ann Lister



Mr. Jeremy Cox, Supervisor of Insurance (2002), currently Executive Chair (2019)



Mr. Matthew Elderfield, BMA's CEO from 2007-2009

Positioning for the Future

As the BMA celebrates 50 years in 2019, we look back at the last five decades. From providing sound policy advice to pushing Bermuda forward as a reputable place to conduct business, the BMA has had an incredible impact on Bermuda's financial landscape.

2000-2009

Internationally Recognised Standards and the Financial Crisis

The BMA entered 2002 with a new Chair – its first female Chair and Chief Executive Officer (CEO) – Cheryl-Ann Lister, and the need for an updated and modern regulatory framework. Ms. Lister made it her mission to align the organisation with international regulatory standards.

Ms. Lister recalls, "The BMA and Bermuda's financial sector were about to go through a complete transformation. Our legislation had been in place for a number of years. Essentially, there had been significant changes in international standards and the Basel Accord core principles had been issued by the Basel Committee on Banking Supervision. We felt it was about time that we update our legislation in Bermuda to ensure that it completely embodied those principles. We upgraded and amended new legislation for the banks, investment businesses and trust companies, and we also put together an amendment to the Bermuda Monetary Authority Act 1969 to address money services businesses."

Strengthening Banking Standards

The first standards to be strengthened came with the successful passing and implementation of the Banks and Deposit Companies Act 1999 and the Investment Business Act 2003. The Banks and

Deposit Companies Act gave the BMA full licensing, supervision and enforcement powers, and the same would follow with the Investment Business Act when it was amended in 2003. The BMA, with its ability to grant licences to conduct business on the Island, wanted to ensure they were satisfied that applicants met a number of criteria to protect depositors and investors.

Mr. D. Munro Sutherland, who worked at the BMA as a policy advisor of supervisory matters in 1998, and went on to become the Superintendent of Banking, Trust and Investments in 2002, recalls the strong support from the banking industry during the implementation of the new legislation. "Banks had already come to recognise that without a strong, independent and fully effective licensing and regulatory authority in Bermuda, their ability to continue to operate internationally was likely to be significantly constrained and undermined," Mr. Sutherland says.

He adds, "In time, this recognition spread to other financial services sectors as global standards were defined and refined internationally. The BMA was able to demonstrate the critical importance that Bermuda had a sound regulator, was committed to international standards, and had an international reputation that would enable it to play a role in discussing, reviewing and developing global standards going forward."

In 2003, HSBC announced plans to purchase all outstanding shares of the Bank of Bermuda Ltd., which was approved by shareholders. After discussions with HSBC and the UK Financial Services Authority (FSA), who was the ultimate consolidating supervisor for the HSBC Group, the BMA gave its non-objection to the purchase in February 2004.

The Global Financial Crisis

The foundations the BMA had laid in the earlier part of the decade would be shaken in the wake of the financial crisis of 2008. Whilst Bermuda was not immune to the effects of the crisis, much of the hard work that had been set down in the past allowed Bermuda's financial institutions to weather the challenging environment.

Mr. Matthew Elderfield, who was the BMA's CEO from 2007-2009, recalls the period when the "hurricane of the global financial crisis brushed Bermuda. The BMA and the Government of Bermuda can be proud of the way it managed during the crisis," he says. "The global financial crisis meant that the financial environment was tough for much of the Bermuda financial sector. But generally speaking, the (re)insurance section weathered the storm well, thanks to strong industry management and the robust regulatory framework in place at the BMA."

Whilst all financial firms in Bermuda were affected by the downturn, the BMA maintained active monitoring of the sectors of Bermuda's market that were most significantly impacted, which included intensified supervision of local banks into 2009. The industry remained resilient and maintained compliance with the BMA's capital and liquidity standards. In keeping with the Authority's proactive approach and with the implementation of Pillar 2 of the Basel Accord, the BMA took the precautionary measure of requiring banks to hold an additional capital buffer to withstand the severe economic downturn after undertaking a series of stress tests. The BMA's sound diligence throughout the crisis meant that none of the banks failed in Bermuda during this time.

A New Family of Banknotes

In 2000, the BMA launched an entirely new family of banknotes, making it the first time since 1988 that all denominations of Bermuda's banknotes had been changed simultaneously. Along with an updated portrait of Her Majesty The Queen, the notes also featured enhanced security features. Other notable numismatic offerings from the BMA included a special coin to commemorate the Tall Ships Race of the Century and a special Millennium coin, which depicted a sailing ship against a millennium sunrise and a unique scalloped edge.

In 2006, the BMA designed a new triangle coin series featuring shipwrecks found around Bermuda. The first coin of the six-coin set was issued in June 2006 to coincide with the opening of the BMA's new Bermuda Bank Notes Exhibit at the Commissioner's House.

By the end of the decade, Bermuda had a completely new banknote series with a distinctive, vertically-designed orientation. The banknotes launched into circulation on 9 March 2009. Bermuda's redesigned \$2 banknote, featuring the bluebird, was chosen as the 2010 Bank Note of the Year by IBNS.

Along with its expanding responsibilities, the BMA was continuing to expand its employee base and had outgrown its Burnaby House premises, with several divisions working out of separate buildings. The search was on for a new head office to bring the entire BMA team under one roof. The BMA purchased an office building on Victoria Street, which was renamed BMA House. In 2006, renovations and reconfigurations began, and the BMA officially moved into the new premises in 2007.

That same year, an onsite note and coin exhibit was officially opened. The exhibit graphically demonstrated the development of Bermudian currency from the days of UK Sterling to the modern era of Bermuda dollars and cents.

At the close of the decade, the BMA had a new CEO with the appointment of Jeremy Cox in 2010. The BMA had also started seeking mutual recognition of Bermuda's regulatory framework, with a particular focus on (re)insurance regulation and the creation of a roadmap to Solvency II equivalency, which would dominate much of the work in the following decade.

A Unified Financial Services Regulator

Outside of Bermuda, the world was changing rapidly and for Bermuda's financial institutions to meet current international regulatory guidelines, KPMG carried out an assessment, assisted by the UK Government, to gain a better idea of where Bermuda was in comparison to international regulatory standards.

Ms. Lister says that during this review, the BMA became aware that the Authority's corporate governance should be more "modern, up-to-date and consistent with other regulatory authorities." She adds: "We knew it made sense to have a focused, unitary financial services regulatory



authority that could build on the strengths of a much more substantive organisation.”

As of 1 January 2002, Bermuda’s insurance regulatory function was integrated with the BMA. The Supervisor of Insurance at the time, Mr. Jeremy Cox, together with his regulatory staff from the ROC, transferred to the BMA. This merger made the Authority the independent regulatory body for financial services in Bermuda. “The new structure was created, and it was very important to us that this came across as a merger and not an acquisition,” remembers Ms. Lister. “They came in on equal footing and we created new divisions – Banking, Trust and Investment, and Insurance.”

Mr. Cox adds, “The move was pivotal for two reasons. One, you now had the BMA as the single regulator for all financial services, so there was no confusion or divided attention. And two, the physical move out of Government was an effective response to some of the dialogue in the international regulatory world around the independence of oversight for financial services from Government. We were now a part of this operationally independent regulator.”

Mr. Cox continues, “Throughout that time you saw changes in politics, yet stability in the regulator. This speaks to the whole independence point, that you can have change in the policymaker side, but the BMA was that steady rock that kept moving forward.” At the time of the merger, the Bermuda insurance market comprised of over 1,600 licensed insurance and reinsurance companies with total aggregate assets exceeding \$170 billion. There was continued high-level interest in Bermuda as a professional

insurance and reinsurance sector internationally. During 2001, a total of 109 new insurance companies were added to Bermuda’s register, a significant portion coming from large Class 4 insurance companies reflecting the response to the terrorist attacks on 11 September 2001.

By 2004, Bermuda was still the leading jurisdiction for the captive market, with 28 percent of global captives, writing \$16.6 billion in gross premiums. Further reviews were conducted into Bermuda’s compliance with international regulatory standards throughout the decade, including two by the IMF in 2003 and 2007. Detailed analyses were performed on Bermuda’s legislation and regulatory arrangements compared to the requirements of the different international setting bodies – the Basel Committee for banks; International Association of Insurance Supervisors (IAIS); IOSCO; and FATF in relation to AML/ATF.

What the BMA gained from these assessments, says Ms. Lister, was a sound regulatory framework that ensured Bermuda was compliant with international standards. “We wanted the highest standards of integrity and highest standards of compliance, but that were practical at the same time,” she recalls. “I expected we would always try to be proactive and create a regime that worked for us and in doing so, we would be less likely to be dictated by others because we had already taken steps to do the work that needed to be done. We assessed ourselves, looked to see where the gaps were and worked to fill them, rather than sitting back and having people come and tell us.”



Breaking New Ground

The BMA 50th Anniversary has come to a close. With this fifth and final article, we highlight the most recent decade of the Authority's incredible impact on Bermuda's financial landscape. We hope you have enjoyed this series of retrospective articles, which serve as both a reflection of our enduring service and a testament to our preparedness for the future as we continue moving forward together, as a community and an industry.

One of the BMA guiding principles has always been to create a secure and stable financial environment in Bermuda, whilst ensuring that Bermuda remains an attractive domicile from which to conduct local and international business. Over the past 50 years, the BMA has met the changing needs of the financial services sector on a local and global scale. It would be an understatement to say that the past five decades have been interesting, but one principle has held true: change is constant. A few recurring indicators of the BMA's stable influence over the past five decades are: the Authority's ability to adapt to ever-changing needs; its steadfast application of exemplary standards and consistent regulation; and the organisation's perpetual motion which identifies avenues of regulatory best practices beneficial to the Bermuda market and elsewhere.

2010 – 2019

A Regulatory Leader

As the world slowly climbed out of the wake of the global financial crisis, the BMA's work became more complicated. International standards for all financial services sectors were evolving at a high speed. The BMA aligned its regime to these standards by making progressive enhancements to its regulatory frameworks, ensuring a more consistent and efficient supervisory regime.

One of the most involved and essential journeys for the BMA in the earlier part of the last decade was the road to Solvency II equivalency. Over a period of six years and with the expertise of a dedicated core team, Bermuda's enhanced commercial insurance regime reached full equivalence on 24 March 2016.



Mr. Jeremy Cox, BMA Executive Chair

Solvency II, a directive of the EU, allowed for a single set of rules for insurance services to guarantee a company's assets provide for long-term financial stability. Solvency II's overall objective is to protect (re)insurers' policyholders and provide for a stable financial system overall. As many of Bermuda's commercial insurers conduct a significant amount of business in the EU, Solvency II equivalency meant they would not be disadvantaged when doing business in Europe.

Bermuda is one of only two non-EU jurisdictions that have achieved full equivalence. This speaks volumes not only to the expertise within the BMA, but also the calibre of businesses operating in Bermuda. This evolution of meeting international standards, alongside the development of a transparent and relevant regulatory authority, has allowed business to thrive in Bermuda.

The BMA's objective of increased international equivalence extended beyond the EU, though. Over the last decade, the Authority successfully met regulatory standards in the US. Bermuda was approved as a Qualified Jurisdiction by the NAIC in 2014, providing Bermuda's (re)insurers with reduced collateral requirements. In 2019, Bermuda was approved by the NAIC as a Reciprocal Jurisdiction further reducing collateral requirements to zero. These successful equivalence exercises allow Bermuda's (re)insurers to operate on a level playing field with their counterparts in other jurisdictions.

Achieving international standards in this past decade was not limited to the realm of insurance. The Authority implemented, over a phased period commencing 1 January

2015, the international standard for the regulation of the banking sector—Basel III. This phased-in approach saw the introduction of the Basel III capital adequacy and liquidity reporting standards and the discontinuance of the prior Basel II obligations. Over subsequent years, the BMA successfully phased in the various Basel III requirements, reaching full implementation on 1 January 2019. This four-year-long effort has positioned Bermuda as a leader amongst its peer jurisdictions in ushering in the global standard for the regulation, supervision and risk management for banks.

Mr. Jeremy Cox, the BMA's Executive Chair, says, "The role of the Bermuda regulator has become increasingly important as businesses look to broaden the scope of their global operations. One important consideration for any business is the benefit of being domiciled in a jurisdiction where the regulator is respected and trusted by the global regulatory community. We always talk about punching above our weight, but the fact that we managed to implement Basel III, achieve full Solvency II equivalence and earn the Reciprocal Jurisdiction status, speaks to that. At the same time, this organisation has to manage the expectations of many different stakeholder groups, the most important being the customers of Bermuda regulated institutions."

Cooperation with Overseas Counterparts

The signing of Memoranda of Understanding (MOU) with other regulatory bodies is another way in which the BMA continues to foster cooperative and effective supervisory relationships with overseas counterparts. By 2010, the BMA had signed 16 MOUs and was one of only three authorities approved as a signatory for the International Association of Insurance Supervisors' Multilateral Memorandum of Understanding (IAIS MMoU), a formal basis for cooperation and exchange between signatory regulators who supervise insurers with cross-border operations.

Mr. William Kattan, who worked as Director of the Legal and Enforcement Department and General Counsel at the BMA from 2005 – 2012, says, "The BMA was able to achieve this because it ensured legislation was in place to enable it to comply with the requirements for admission as a signatory to the MMoU. Because of this, Bermuda was ahead of many other jurisdictions that lacked the necessary legislation."



Mr. William Kattan, BMA's Legal and Enforcement Director and General Counsel from 2005 – 2012

Combating Bad Business

While the BMA's work on the AML/ATF front had been underway for many years, it was apparent by the beginning of the last decade that a more forceful approach was required. Mr. Mansfield Brock, former BMA Chair, recalls, "We made it clear to all that laundering money had no place in Bermuda. We spent a lot of time and energy to maintain Bermuda's position in this regard, and worked with the authorities globally to crack financial cases and sting operations on people making ill-gotten gains on illegal money."

Because of the continuing complexity of AML/ATF initiatives worldwide, it was important the BMA upgrade its legislative framework. Ms. Cheryl-Ann Lister, former BMA Chair and CEO, says, "While things were being done in this area they did not quite have the force of law behind them. There was guidance in place, but that does not get you points without the law behind it." After stepping down from her role at the BMA in 2006, Ms. Lister went on to chair the NAMLC, which advises Government on matters regarding AML/ATF.

As the BMA began to expand its powers under Bermuda's enhanced AML/ATF legislative regime, it also had to develop the organisation's resources in this area. This required the establishment of a unit dealing with AML/ATF compliance, and Mr. Kattan was responsible for drafting the legislation requiring financial institutions to establish policies and procedures to detect and prevent money laundering and terrorist financing.

He adds, "Procedures were also established within the Authority to take enforcement action against institutions that failed to comply with the legislation. The BMA established internal procedures concerning the taking of enforcement action that led to the imposition of financial penalties. This legislation was the first of its kind. [Before that] the imposition of penalties for breaches of the law had been a matter for the courts and not public authorities." While Mr. Kattan says the move to give the BMA these enforcement responsibilities was somewhat controversial, the supportive argument prevailed and the legislation was passed.

SERIES 5: BREAKING NEW GROUND

CONTINUED

By 2016, the BMA was responsible for supervising over 1,320 firms for AML/ATF purposes. Today, for the Authority to keep up with strengthened international standards, the organisation continues to enhance and refine Bermuda's AML/ATF legislative framework. "Regulation is becoming an even more significant component for countries, and AML/ATF requirements are becoming so complex, and that has to be a main area of focus," says Ms. Lister. "The BMA has to continue to move with the times and continue to implement and upgrade their supervisory framework."

One of the areas in which Bermuda had always been diligent and would come into the spotlight during this past decade was beneficial ownership – the ultimate owner of a company – and updates necessary to bring legislation in line with international requirements. Mr. Bob Richards, says, "Bermuda was unique in that we have had records of who owned exempt companies. Fast forward to today, this is now called a Register of Beneficial Ownership. The first time I went over to the UK as the Minister, the talk was about wanting to start a register and that they wanted us to do so as well. When I told them we have had one for 70 years, they were astounded."

Following a 2016 agreement between the British and Bermuda governments, the BMA agreed to streamline the process by creating an electronic platform for the revamped register. Enhancements to the regime were proposed in 2017, and enacted in early 2018, to ensure that an updated and accessible register be maintained by all companies formed in Bermuda, as well as filed with the BMA. The intent is that the new legislation will help in continuing to detect any severe financial crimes, enhancing Bermuda's appeal as a jurisdiction of choice for conducting business.

A significant component of the broader role of ensuring Bermuda incorporates quality businesses on the island is Know Your Customer (KYC), which has played a large role in establishing Bermuda as a global financial market leader.

Mr. Cox says, "Part of what Bermuda has always prided itself on is knowing its customer and this organisation has been the one, long before my time, vetting new beneficial owners and making sure those beneficial owners are credible. We have been very selective, we want companies of high quality, and that has helped us to maintain this reputation for doing things right and having the right participants operating in our jurisdiction compared to our peer jurisdictions."

Moving Forward Together

Due to the Authority's commitment to consistent standards and regulations, Bermuda has seen growth in many areas and recognised opportunities for development in future technologies. While the BMA takes a risk-based approach to conducting its supervisory framework, it has always made sure that its standards are appropriate for Bermuda's financial markets, thus enabling future growth. This was evident earlier in the decade within the insurance industry with Bermuda becoming the centre for Special Purpose Insurer (SPI) and Insurance-Linked Securities (ILS) businesses.

Even as businesses change — whether through growth, transformation, mergers or acquisitions — the BMA's work in creating a sound financial environment and making Bermuda an attractive place to do business remains crucial.

Bottom Picture: BMA Executives 2019 Left to right Craig Swan, Marcia Woolridge-Allwood, George Pickering, Jeremy Cox, Shanna Lespere, Shauna MacKenzie



Celebrating the Present

While the Authority spent time remembering and recognising the people and accomplishments that have positioned it as a leading financial services centre, it also wanted to memorialise the present.

A THANK YOU FROM THE BMA

In June, the Authority released a short 50th Anniversary “Thank You” message. The video panned across the City of Hamilton, gliding towards BMA House, where Executive Chair Jeremy Cox and the Executive Team, alongside the entire BMA staff, thanked the financial services industry and the community at large for their numerous contributions and continued commitment to our jurisdiction’s success.



WEBSITE UPGRADE

The Authority also took measures to prepare for the future, including various infrastructural improvements. One of the most visible upgrades was to the BMA website. The new website has been built to accommodate

the growing trend of mobile access, while still remaining a viable avenue for desktop access. It is user-friendly, intuitive and bespeaks the BMA's ongoing progressive efforts.

COMMEMORATIVE COINS

The Authority saw it fitting to release a commemorative coin to mark the momentous occasion. The coin's triangular design features a compass rose and the islands of Bermuda on one side and Her Majesty, Queen Elizabeth II on the other. The \$5 gold, \$2 silver and \$0.25 cupronickel coins preserve this juncture in the BMA narrative for posterity.



JEREMY COX: FRED REISS LIFETIME ACHIEVEMENT AWARD

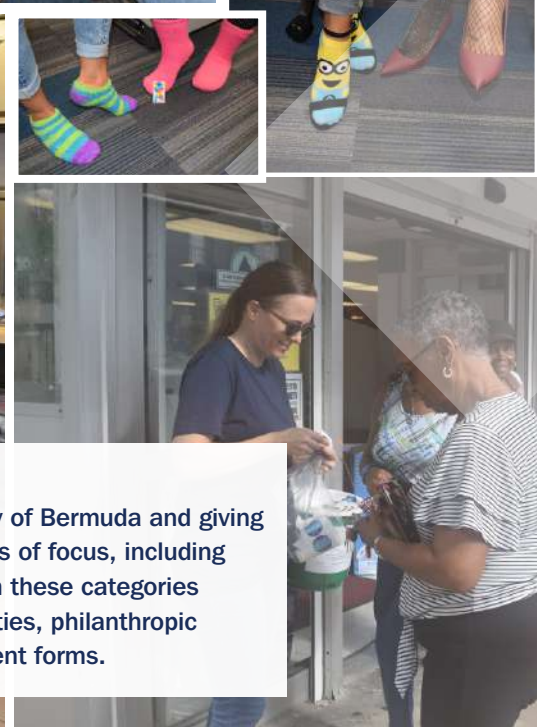
However, 2019 not only served as a landmark year for the Authority but also for one of its own. In May, Jeremy Cox received the Fred Reiss Lifetime Achievement Award. He received this both for his contribution to Bermuda's insurance industry and his hand in shaping the island's financial services industry and the jurisdiction's economic future.





Looking to the Future

To the BMA, a 50th anniversary year also involved peering outward, serving the community of Bermuda and giving back. For this, the Authority looked to the Third Sector and identified five charity categories of focus, including children and families; arts and culture; the environment; education; and seniors. Based on these categories and BMA staff nominations, the Authority was able to contribute to 22 of Bermuda's charities, philanthropic organisations and government social service agencies. These contributions came in different forms.





“ It is this bridge between the community and the BMA, one that the Authority has maintained for years, which keeps the organisation grounded and balanced. ”

Charitable Fridays: Denim Days

The Authority continued its tradition of Denim Days where staff are allowed to wear denim to work in exchange for a minimum donation. However, whilst Denim Days had previously taken place on a monthly or quarterly basis, the BMA increased the frequency to twice a month. Internally, this spread awareness of various community organisations—with every Denim Day came an email providing insight into the institution and their work. Externally, this raised significant funds for services critical to Bermuda, nearly \$10,000 in total.

BMA Days of Giving

In celebration of its Golden Year, the BMA broadened its charitable initiatives with BMA Days of Giving. In 2019, the Authority selected three charities and designated a community service day for each.

Meals on Wheels: Kitchen Cleaning

In February, a group of BMA staff donated a half-day to Meals on Wheels (MOW). The staff deep cleaned the commercial-grade kitchen, augmenting the charity's daily cleaning practices. This scrub-down of the charity's Paget facility allowed MOW to carry out this necessary, yet labour-intensive activity whilst still fulfilling their mission of providing meals to their beneficiaries. In conjunction with this BMA Day of Giving, the agency fundraised for the charity through a Charitable Friday Denim Day.

Tomorrow's Voices: Tag Day

Before the official BMA Day of Giving for Tomorrow's Voices in May, the staff chose to participate in the charity's "Rocks Socks" day where BMA team members could wear their most colourful pair of socks in exchange for a small donation. This fun twist on Charitable Fridays made it one of the most successful of the year. A week later, for the BMA Day of Giving, staff joined other Tomorrow's Voices volunteers for the charity's island-wide "Autism Tags It!" tag day, raising money for some of the organisation's most essential services.

Family Centre: Tag Day

In July, BMA staff supported Family Centre through sporting denim in exchange for a minimum donation. In addition to hosting this Charitable Friday, BMA staff rang in Cup Match by participating in Family Centre's Cup Match Tag Day. On this unique tag day, staff not only accepted community donations but also handed out Cup Match-themed stickers to spread team spirit and camaraderie across the island. Both the Charitable Friday and the BMA Day of Giving were essential in helping Family Centre fund services critical to community welfare.

The Eliza DoLittle Society Food Drive

The Authority participated in a food drive campaign coupled with a Denim Day in support of the Eliza DoLittle Society. Staff members donated non-perishable food items over several weeks and/or made a minimum donation in August to participate in a Denim Day, both of which supported the organisation's core programmes and services.

BF&M Breast Cancer Walk

The Authority paid the race fee for 35 staff members who chose to participate on Team BMA. These funds went to support Bermuda Cancer and Health Centre's Equal Access Fund, and Prevention and Early Detection Programmes.

Lefroy House Donation Drive

To support this essential organisation, the BMA chose to host a month-long donation drive. The Authority's staff brought in a range of personal care items to help meet the eldercare community's needs.

In 2019, the BMA tied itself to innovative opportunities, championed community organisations and savoured its arrival at the five decade benchmark. The Authority has a past replete with contributions to Bermuda and will continue cultivating its reputation, transforming into the regulator of tomorrow.