



**COMMONWEALTH OF THE BAHAMAS**

**PROPOSED CAPITAL MARKET  
DEVELOPMENT POLICY  
STATEMENT**

# **PROPOSED CAPITAL MARKET DEVELOPMENT POLICY STATEMENT**

The Government of The Bahamas is desirous of pursuing the development of the Bahamian economy, to the benefit to all citizens and Residents of The Bahamas.

The Government of The Bahamas believes that well-established, efficient capital markets are essential to the pursuance of sound, broad based economic development;

The Government of The Bahamas is desirous of pursuing the growth and development of domestic capital markets to better position the economy to compete in an increasingly open and competitive global environment;

The Government of The Bahamas recognizes that if The Bahamas' economy is to be vibrant and sustainable, there would need to be available to all users of finance, diverse sources of financing, and that this broadening of the availability of financing sources cannot be achieved without the existence of a fully functional securities exchange.

In pursuance of the above objectives, the Government hereby promulgates this capital market development policy statement, which confirms its intention, within the shortest possible time, to implement the following series of policy measures aimed at the development of The Bahamas capital markets:

1. The Government commits to the continued strengthening and development of The Bahamas Financial Sector regulatory system and resources consistent with the growth and development of the economy, and with best international practices and standards;
2. The Government commits to undertake those measures within its control to encourage government agencies, government owned corporations and other publicly owned entities, to adopt financial management and investment policies, which, fully respecting established prudential standards, would be supportive of efforts to develop domestic capital markets and the domestic securities exchange;
3. The Government commits to cause revisions to be made to the legislative arrangements and policies related to the National Insurance Board which, fully respecting established prudential standards, would facilitate the investment of National Insurance funds in nongovernmental related securities through the domestic securities exchange;
4. The Government commits within a timeframe and in accordance with a schedule to be established, but without undue delay, to cause debt securities issued by the

Government, Government agencies, wholly government-owned corporations and other publicly owned entities to be listed on the domestic securities exchange;

5. The Government commits to cause the Central Bank of The Bahamas to establish a timetable for the implementation of a market-based system for the underwriting and marketing of domestic public sector debt issues by the Government, Government agencies, wholly government-owned corporations and other wholly publicly owned entities. Such a system to include, where appropriate, listing of the related issues on the domestic securities exchange;
6. The Government commits to involve The Bahamas International Securities Exchange (BISX) directly, and as early as possible, in the distribution of any publicly-offered debt or equity issues related to pending or future full or partial privatization of public entities;
7. Recognizing the critical importance of pension savings to capital market development and to domestic financing of economic development, the Government commits to initiate steps to implement a modern private sector pension system at the earliest possible time; and
8. The Government commits, within the shortest possible time, to implement amendments to Exchange Control policies to:
  - a. Permit foreign portfolio investments by Residents of The Bahamas, for Exchange Control purposes, subject to limits, schedules and timetables to be determined, via the domestic securities exchange.
  - b. Permit inward portfolio investments by Non-Residents, subject to limits, schedules and timetables to be determined, via the domestic securities exchange; and
  - c. Permit cross-listings between BISX and the principal securities exchanges of the Caribbean region, subject to limits to be determined.