

ROSS WEBBER, CEO, BDA
Asset Management Roadshow
The Flatiron Room, New York City, 5:45pm

The changing political and regulatory landscape

Thank you, Beth. Good evening, everyone. We are, indeed, proud of Bermuda's thoughtful and pragmatic approach to legislation. It has seen us evolve in sync with leading global regulatory standards.

I mentioned pragmatism. We all want to find that bite point where sensible, risk-based regulation is sufficient, effective and acknowledged. We think Bermuda has the appropriate mix.

Bermuda is different than many other offshore centres. We're home to bricks-and-mortar companies. We are not racks of brass nameplates. And the business that gets done in Bermuda helps world economies and has a tangible, beneficial purpose. It's also important to note that Bermuda companies are predominantly New York Stock Exchange-listed companies—they meet the highest transparency standards.

As a brand, our island has been known for quality above all else. Quality business. Quality tourism. Quality service...and, as I hope you experience later, quality rum!

It's about quality people, too. A recent study found that an estimated 15,000 residents—a quarter of our population—are financial, legal, or regulatory experts in transatlantic capital markets.

This mind, management and high-level expertise, physically on the ground in Bermuda, is an attribute many onshore might struggle to believe. We are a headquarters for experts, pioneers, entrepreneurs and top-echelon executives.

Our business model supports close to a half-million jobs globally. This includes an estimated 300,000 jobs in the US through trade, foreign direct investment, and portfolio investment capacity.

These are some of the reasons Bermuda is not listed as one of the jurisdictions sent to the “naughty step” in the Panama Papers. Bermuda was not linked to any wrongdoing or scandal in those papers or the more recent Bahamian files.

Unlike many of those jurisdictions, Bermuda is a willing and cooperative partner. We were the first offshore jurisdiction to make the OECD's white list. We have 91 treaty partners, including 41 TIEAs, and 87 multi-lateral partnerships. Bermuda has had a TIEA with the US since our Tax Convention Act 1986.

Our regulator, the BMA, is collaborative and business-friendly, but it is also has teeth. Just last month, it slapped a fine on Barrington Investments for regulatory breaches. This isn't new—the BMA has been enforcing penalties on companies for years if they fail to meet standards. In its 2016 strategy, the Authority warned it

would be publicly naming and shaming non-compliant firms. That's good for the jurisdiction.

This year, the European Parliament awarded Bermuda full equivalency under its Solvency 2 regulatory system (Switzerland is the only other non-EU nation to gain that distinction).

The BMA is now working towards similar success with the AIFMD. I won't talk too much about this as I believe Ariane will touch upon it, but should Article 50 ever be triggered and Brexit actually occur, Bermuda with AIFMD equivalence should become more attractive to UK-based fund managers—particularly those who want to be a bit closer to North America.

Sean, can we get that CRS slide up...thanks.

This April, Bermuda became an early adopter of OECD standards as contemplated by BEPS Action 13. We became the 33rd signatory to the Common Reporting Standard and Country-by-Country reporting—based on Article Six of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters.

While this chart is a little busy—it shows the timeline from December onwards for our implementation. We are on course. Now, because we chose to adopt Model Two FATCA, we've been able to learn from the experience of other domiciles that endured the trials and tribulations of FATCA Model One.

Our domicile is considered a leader on tax-transparency issues by the US Departments of Justice and State, the US Treasury, the OECD, the FATF and the G20.

The political and regulatory landscape has changed and I think we need to be honest with each other and acknowledge that we are not going to be facing *less* regulation.

Offshore centres like Bermuda—the bona fide ones—are vital for economic development around the world. If you want to have an offshore centre who will still be there in 10, 15, 20, a hundred years, you need to partner with those that will last the course. Bermuda has proven to be continually setting the standard that other IFC's have to play catch-up to attain.

Thank you, and I'll pass it over now to Ariane, who will talk a little more about Europe and Brexit.